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Sub: Submission of Transcripts of Earnings Conference Call held on Thursday, November 16, 2023 at 12.15 P.M.

Dear Sir/Madam

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is hereby submitting transcripts of Earnings Conference Call held on Thursday, November 16, 2023 at 12.15 P.M. to discuss H1FY24 earnings with Investors and Analysts.

Submitted for your kind information and necessary records.

Thanking you
For Krishca Strapping Solutions Limited

Diya Venkatesan
Company Secretary and Compliance Officer



“Krishca Strapping Solutions Limited
H1 FY '24 Results Conference Call”

November 16, 2023



**MANAGEMENT: MR. LENIN KRISHNAMOORTHY BALAMANIKANDAN –
CHAIRMAN AND MANAGING DIRECTOR – KRISHCA
STRAPPING SOLUTIONS LIMITED**

MODERATOR: MR. KAUSHAL SHINDE -- KIRIN ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to the H1 FY24 Results Conference Call of Krishca Strapping Solutions Limited hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kaushal Shinde from Kirin Advisors. Thank you and over to you, sir.

Kaushal Shinde: Thank you. On behalf of Kirin Advisors, I welcome you all to Krishca Strapping Solutions Limited H1 FY24 concall. From the management side, we have Mr. Lenin Krishnamoorthy Balamanikandan, Chairman and Managing Director. Now, I hand over the call to Mr. Lenin Krishnamoorthy Balamanikandan, over to you, sir.

L.K. Balamanikandan: Yes, thank you, Mr. Kaushik. Ladies and gentlemen, very good afternoon. I will start with the opening remarks. My heartfelt welcome to everyone who has joined in this conference call where we come together to talk about the financial performance of Krishca Strapping Solutions Limited for the first half of this fiscal year 2024. It's truly an honour to speak with all of you.

Before we dive into the details of H1 FY24, let me give you a quick overview of our company and how we operate. Krishca Strapping Solutions started H1 FY24 on a very brighter note by making a revenue of INR48.89 crores, that's almost two-thirds of what we have done in the last financial year, H1 FY23.

We are proud of the strong growth we have seen so far and are looking forward to an even better performance in the second half of H1 FY24. We are working very hard to improve our financial results and are very excited about the opportunities coming in our way. On the operational side, we have made good progress by strengthening our relationships with many clients.

This not only helped us sell more, but also brought new clients, showing that we are committed to growing steadily. Though our profit margin went down slightly compared to the previous year, it's mainly because we are in a phase of aggressive growth and expansion. We strongly believe this strategy will pay-off in the long run. Looking ahead, we expect our growth to continue strongly with a substantial growth rate of 35%, 40%.

I take this opportunity to share with you that we have successfully backed our first packing contract from Shyam Metallica, worth INR2 crores. This contract is a very big deal for us, since, earlier we were not having any eligibility criteria in the packing contract segment. This is a renewable contract, setting the stage for a long-term partnership with Shyam Metallica.

And we are also pleased to confirm that we have secured our first packing contract with PSU, Steel Authority of India, SAIL. This contract is effective till October 31, 2025, with an initial value of INR2.48 crores. These two contracts put a strong foundation for our packing contract division which we expect to grow in the coming months.

We are growing and now we decided to increase our footprint globally, so we have recently set up two new offices in Dubai and Singapore. In September 2023, we started Krishca Total Packaging Solutions, a pre-zoned company in Dubai, UAE. This strategic move allows us to diversify our product portfolio including primary packaging items like tarpaulin, HTP, drainage head bags, desiccants and VCI corrosion protection products to the steel industry.

We are very excited about the opportunities this expansion brings to our customers in the UAE and in the Middle East region. And in October 2023, we established Krishca Total Packaging and Preservation Solutions in Singapore, marking another milestone in our global presence. This move pushes us to better serve our customers in Singapore and Southeast Asia, offering tailor-made packaging and preservation solutions.

While we have our strategies in place to grow in domestic as well in global markets, we need to increase our capabilities to meet the rising demand for our products in India, so we are upgrading our production capacity to produce more steel strapping. So, we are installing a new production line which is more modern and will be able to produce 20,000 metric tons of steel strapping per annum. This new line is scheduled to commence installation by the end of November 2023 and this new line is expected to be fully operational by the end of January 2024.

Apart from this, our team in Krishca is also working on creating a mobile app for our sales team to support with all the relevant information to meet the customers. So, this app will give them all the info and tools they need to serve the customers even better. With this new initiative, we are in the position to gain a higher market share in the domestic, as well as global markets.

At the same time, the increasing share of our packing contracts will help us improve our EBITDA margins in the coming months. Let me quickly take you through the financial performance of the company during the first half of this financial year. Our total revenue was at INR48.89 crores, this is a 67 percentage of last year's revenue. Our EBITDA came at INR8.36 crores and the EBITDA margin was at 17.1%. Our net profit was at INR5.68 crores and the net profit margin was at INR11.61%. Our earnings per share was at INR10.23.

The robust performance is the reward to our hard work, our effective growth strategies and operational efficiency and nonetheless, lucrative market opportunities which we capitalize during the reported period. We are very optimistic about the future growth opportunities and with enhanced production capabilities, product and regional diversification, we would continue to ride on the growth path with more confidence.

At this point, I would like to assure you, the future is very lucrative and our company will do every effort to optimize profit from it. I am grateful to you for all the shareholders and well-wishers, our associates for your faith in the company and being an integral part of our company.

With this brief update, now I would like to take any questions you may have. I request the operator to kindly open the floor for Q&A.

- Moderator:** We will take the first question from the line of Rahil Dasani from Mittal Analytics. Please go ahead.
- Rahil Dasani:** So, first of all, good morning, sir. I had a few questions. What are the steel strap prices right now? Because previously you have said that you operate on a fixed margin level. And if the price falls, your margins may remain the same, but the absolute EBITDA will fall. So, first of all, how are you thinking about this because on the surface, the margins may seem good, consistent at 17% to 19%, but the bottom line can be severely impacted?
- L.K. Balamanikandan:** See, currently, the steel prices are on an uptrend compared to the first quarter, the last 3, 4 months, steel prices are on the rise. And right now, our average steel price is around INR70. So, our average selling price would be about INR90 to INR95 in that range.
- Rahil Dasani:** But are we taking any measures to somewhat safeguard, if and when these prices take a hit?
- L.K. Balamanikandan:** Yes. See, our sourcing policy is very good. We have a long-term contract with some suppliers where they are giving fixed pricing for 6 months. And some suppliers, we have a quarterly contract where they are maintaining the price for every quarter, 3 months. And there are a couple of suppliers we are importing also. So, whenever the price is low, we book it so we can be able to get a good margin on that.
- And of course, whenever the price falls down, we have some spot suppliers where we can buy on the current running price. So, we have several different kinds of purchase agreements with several different suppliers. So, based on the current rising fluctuation in the market, our sourcing team, we take a call to optimize our purchase cost.
- Rahil Dasani:** Okay. Got it. Secondly, what has your volume versus value growth been throughout the years, including the current years? And where do you expect it for the 40% growth target for the next 5 years?
- L.K. Balamanikandan:** Right now, at our factory, we are placing almost 65% of our installed capacity. Okay. With 100% utilization, we can do up to almost INR130 crores to INR140 crores in the new current line we are having. Since we are already doubling the capacity, we are putting up a new line. With that, on 80%-90% utilization, we can go up to comfortably INR300 crores. Because we not only supply sealed straps alone, we supply seals also.
- So, we have 80 million numbers of sealed installed capacity. So, almost our 5% sales we are getting from seals also. And we supply the packing tools also. So, with the installed capacity we will be having by the end of January, we can do up to almost INR300 crores of only sealed strapping sales. But now, in the recent past, we have secured two backing contracts. So, in the backing contract, the sealed strapping value will be 30%-40% max.
- Remaining 60% revenue we will be getting from other items or by supplying manpower, etcetera. And earlier, we were not having any eligibility criteria in the backing contract. Now, we have two contracts. We are expected to start one more contract by December. That announcement also we will release once we start. Our team is participating in almost six to seven big contracts, much bigger than what we are currently doing.

So, we are expecting our high revenue from the backing contract division in the future. So, in the next 5 years, we are very positive and confident that 30%-40% increase year-on-year is very much achievable. Since we already have the capacity to do that, we have a good team to do that. And there is a good market scope also there. So, I would say it is very much possible.

Rahil Dasani: That was helpful. But my question was, what has been the volume versus value growth? I wanted to understand, since you said the prices are on an uptrend. So, I wanted to understand what part of the sales is coming through volume growth and what is coming through value growth. Just to understand the sustainability.

L.K. Balamanikandan: What do you mean by value growth?

Rahil Dasani: By value growth, I mean the increase in the prices of the products, steel straps that you are selling. And by volume growth, I mean the number of tonnage you are selling?

L.K. Balamanikandan: See, there has been no change in the price we are selling. Because most of the contracts currently are long-term contracts. And since we are growing on an aggressive phase of growth, we are not able to increase our margins, I mean, selling price. So, whatever is the current market price we are entering. Because most of the products we are getting are first-time orders or first-time backing contracts.

So, our major focus is volume growth. At the same time, we will maintain the current selling price. We will try to maintain that.

Rahil Dasani: Okay. That was helpful. Secondly, you said that you are at 65% utilization at the current plant?

L.K. Balamanikandan: Yes.

Rahil Dasani: So, I wanted to understand what is giving us the confidence to expand our capacities by 2H while we are running at lower capacity? Well do we have any firm contracts or firm order commitments for the expanded capacities that we are building?

L.K. Balamanikandan: See, in steel strapping, there are some three to four types of steel strapping. One is the regular duty, one is the medium, one is high-trend steel, and the other one is the very high-trend steel. It's a new trend in the market where they are giving UPS more than 110. So, at our current facility, we are producing the first three grades.

The latest grade, we are not able to produce with the existing facility. The new line is specially designed for producing ultra-high-trend steel strapping where the UPS is more than 110. Now, I am seeing quite a lot of migration, customers are migrating from high-trend steel to ultra-high-trend steel strapping. So, that's why we are doing this expansion.

And since that a new, earlier we are not supplying that one grade, after the installation of the new line that market will also open up. Almost 30%-40% of the market share are now using ultra-high-trend steel strapping. So, the capacity expansion is to serve the new market, especially.

To answer the other part of the question, yes, we have some kind of commitment already in place for the new line. At least, we can be able to sell some minimum INR4 crores worth of products month-on-month, immediately upon commissioning of the new line.

Rahil Dasani: Okay. Lastly, you said that the plant will be fully operational in Jan. So, by when can we expect 100% utilization or whatever is the optimum utilization for the plant?

L.K. Balamanikandan: Within a maximum one year, we are expecting at least 40%-50% utilization in the new plant.

Rahil Dasani: 40% to 50%, right?

L.K. Balamanikandan: Yes, correct.

Rahil Dasani: Okay and I was looking at your asset terms in comparison to your peers. They are significantly higher. So, can we expect the same asset terms from this new plant?

L.K. Balamanikandan: Yes, we can.

Rahil Dasani: Can you give how higher are the margins compared to a current 70% to 90% average for the new plant?

L.K. Balamanikandan: In terms of margins, it can be slightly better. Because there are some customers offering higher – big offer or higher price, since it is a higher grade of steel strapping. There is a possibility to get a higher margin. Since we are not selling at all, it is difficult to say. But it won't be less than the current margin. Definitely, it will be higher than the current margins.

Moderator: The next question is from the line of Nikhil Chaudhary from KRIIS PMS. Please go ahead.

Nikhil Chaudhary: So, Bala, I wanted to understand. Our Dubai subsidiary, we had given a logic that probably there are no players in the market and the duty benefit is there. Singapore, what was the rationale, what is the rationale for setting up the Singapore entity? What sort of competition do we get in Singapore market? Do we have Chinese players applying? What sort of opportunities are there? Can you just throw some light on the market that has been recently announced?

L.K. Balamanikandan: The Singapore company's name is Krischa Total Packaging and Preservation Solutions. Apart from offering total packaging, we can also offer corrosion protection solutions. In steel packaging, there are two aspects.

One is scrapping, which is used for packing steel. And the other aspect is to protect the steel from getting in touch with moisture or water. For that, we offer a primary packaging solution. We just started offering that solution.

Nikhil Chaudhary: That is a new solution?

L.K. Balamanikandan: Sorry?

Nikhil Chaudhary: That is a new solution? I like, I probably lost you in between. Is it steel scrapping or something else that you are going to do?

- L.K. Balamanikandan:** It is part of the packing contract. Steel scrapping is one item. Apart from that, we also have to supply HCP, tarpaulin, and other items to prevent moisture or water from getting in touch with the steel. That we are already doing as part of Krischa.
- But there is one big contract that is coming in Singapore. That is for preservation of a big oil and gas project. To participate in that project, there was a requirement that we should have a local company. That is the reason we formed the subsidiary in the first place.
- Nikhil Chaudhary:** Okay. Is it similar, like what sort of competition do we have in steel strapping in Singapore? Like or do we probably have the Chinese players getting in that market? Or what sort of competitive intensity is there?
- L.K. Balamanikandan:** In Singapore, in terms of steel manufacturing, there are not many steel mills. It is mostly a primary packaging market. In terms of competition, of course, the Chinese players are also there. But they prefer more Indian products than Chinese because of the quality. Price is not a big factor in Singapore. They look for good quality consultation in terms of product offerings.
- Nikhil Chaudhary:** Okay. Also, Dubai entity, we are currently doing only trading, right? It is only a trading entity?
- L.K. Balamanikandan:** Yes, right now it is a trading entity.
- Nikhil Chaudhary:** Okay. What sort of revenues can we expect in 2024 from the Dubai entity?
- L.K. Balamanikandan:** At least we are expecting 20% of our revenue from the Dubai entity in the next financial year.
- Nikhil Chaudhary:** Okay. When do we plan some manufacturing base over there or will it be like a trading entity, something with that going forward to?
- L.K. Balamanikandan:** We are doing our market research. We will definitely come up with our plans very soon.
- Nikhil Chaudhary:** Okay, got it. Understood.
- L.K. Balamanikandan:** Yes, thank you, Nikhil.
- Nikhil Chaudhary:** Yes, just a second. One last question. What percentage of the order book is in the high-grade steel steps, current order book?
- L.K. Balamanikandan:** See, our new line will be operational only in January. But we have some kind of commitment from our existing customers and new customers. At least 30% of our order book will be of this new grade once we install.
- Nikhil Chaudhary:** Which segment will that be? Can you just explain that?
- L.K. Balamanikandan:** All the customers are using it based on the application. Even in glass it is being used. Mainly in steel. And also in Kolkata, there is a jute segment. That jute segment is especially used in this grade particularly.
- Nikhil Chaudhary:** Okay, got it. Understood. Thank you so much. I will come back in the queue.

L.K. Balamanikandan: Thank you, Nikhil.

Moderator: Thank you. The next question is from the line of Akshada Deo from Vivog Commercial Limited. Please go ahead.

Akshada Deo: Okay. What I wanted to know was about the PHE contract which you just mentioned. And what is the exact vision behind the company getting into packaging? And what type of margins are they also expecting? Because you mentioned that getting into packaging you will probably get better margins. So, that is my question.

L.K. Balamanikandan: Thank you, Akshada. See, the logic behind getting into the packing contract is that the packing contract as the segment is much bigger than the direct supply of steel strapping. And most of the companies are migrating towards the packing contracts. Because what happens in the packing contract is that they are arriving at a first-time packing cost. And they are maintaining that cost will be the contractor's scope. And mostly it is long term. Minimum two years up to five years.

So, the major logic behind focusing on more contract is that it is a long-term order. So, once we get it, at least for two years, three years, we can say, our order book will be full with that particular order. And even the value of order is also very high. Instead of giving the pricing month-on-month and to getting the order, having a long term and stable order is preferable.

And if you don't go into packing contracts, almost 50%, 60% of the market, if they are doing the packing or a patch of steel strapping happens via packing contract. So, we will lose our direct strapping sales. So, to boost our direct strapping sales also, we are preferring packing contracts.

Akshada Deo: Okay. What kind of margins are you expecting from packing and overall boost to the company?

L.K. Balamanikandan: See, currently, we are expecting similar margins. But there is a chance to optimize it. The thing is, once we are doing the same kind of packing over-and-over on a long-term basis, we can optimize and try to get better margins, once we start the contract. But initially, the margins will be similar. Because we are incurring a lot of manpower cost to set up the project. We are using a lot of missionary items and everything. But over the years, the margins will get better.

Akshada Deo: Okay. Can you tell me about the PHE contract that you were mentioning about the order value and if it's renewable or not?

L.K. Balamanikandan: Yes. It is a packing contract in a refractory unit. SAIL Bokaro has a refractory unit near Bokaro. So, for packing that we have taken a contract. The order value is almost INR2.48 crores. That is for only one year. But the contract validity is till October 2025. They might extend this beyond that point also.

Akshada Deo: Okay. Have you done the payback period calculation of opening the offices in Singapore and Dubai? And how quick would it be for them to become profitable from the get-go? And what kind of investments you had to incur for starting up these offices?

- L.K. Balamanikandan:** Yes. See, we are very cautious, making any investment or expenses. In Dubai office, it is purely a trading office. We did a company registration in a free zone. Two of our employees are working from home only, currently. So, there is actually not much investment made. Only we opened a bank account and office registration has been done. All the orders we are selling from Krishca India to the customers directly. So, it is profitable from day 1. Krishca, Dubai.
- In Singapore, we just recently did the registration. And we haven't appointed anyone in Singapore. So, the objective is to participate in a tender. So, if we get a tender, then we will put up a representative over there. So, we are not incurring any other additional expenses in Singapore office. Apart from the initial incorporation expenses.
- Akshada Deo:** Okay. So, by the end of this year, how much will your total capacities be for steel strapping plus packaging?
- L.K. Balamanikandan:** Sorry, can you repeat your question again?
- Akshada Deo:** So, you are doing a 20,000 metric ton of capacity expansion, right?
- L.K. Balamanikandan:** Correct.
- Akshada Deo:** So, what will your total capacity be for steel strapping as well as -- I mean your total capacity by the end of the year?
- L.K. Balamanikandan:** Okay. It will be roughly 40,000 tons.
- Akshada Deo:** Sorry, sir, how much?
- L.K. Balamanikandan:** 40,000 tons.
- Akshada Deo:** Okay, sir. Thank you so much. That's all from my side.
- L.K. Balamanikandan:** Thank you, Akshada.
- Akshada Deo:** Thank you. And all the best.
- Moderator:** The next question is from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.
- Suruchi Parmar:** Good afternoon, sir.
- L.K. Balamanikandan:** Very good afternoon.
- Suruchi Parmar:** I would just like to have a clarity on your packing contract. Like how is it built up? Like there should be some products involved in that where you are strapping the product you make and the service part. And how is it the whole contract is used?
- L.K. Balamanikandan:** So, in a packing contract, there are three things mainly required. One is the manpower who will do the packing and tools. In steel industry, steel strapping is done by a strapping tool. So, all the like cutters, other items, accessories and all that are required in the packing contract. So,

we have to identify the manpower, right tools and the consumables. So, one of the major consumables is steel strapping. That is a major consumable.

Apart from that, based on the type of item, other items are also required. So, right now, strapping tools we are already dealing with. We will deploy from outside and strapping, anyway we are manufacturing, will supply. Manpower and other consumables, everybody is sourcing from outside. So, with our expertise, we will select the right consumables which can have a cost saving to the customer. That's how we are putting a basket and giving as a solution.

Suruchi Parmar: Okay. So, is there any idea to go into production of these tools later in your future? Any idea of getting into making of these tools?

L.K. Balamanikandan: You mean steel strapping tools for manufacturing?

Suruchi Parmar: Correct. Yes.

L.K. Balamanikandan: Right now, we have no such plans.

Suruchi Parmar: Okay. Thanks. And, sir, you have talked about, like in your last con call, regarding the Dubai office. So, in later years, you will be putting some production line in Dubai also. So, is there any change in your plan or what you feel like the market there, what you are supposing to cater to US market also? What are your plans in that?

L.K. Balamanikandan: We are doing a very serious research right now in the Middle East region. Because, Middle East has Saudis there, Oman is there, Dubai, I mean, Abu Dhabi is there. And Bahrain also is a good location because we have FTP with the US. So, we are doing an in-depth market research. So, based on that, we will come up with some announcement very soon about our decision and our future plans.

Suruchi Parmar: Okay. And what are the current exports percentage in your revenue?

L.K. Balamanikandan: If you look at the half year out of INR48 crores, almost INR4.5 crores are our exports. Almost 9%-10%.

Suruchi Parmar: Okay. Fine. So, you are going to increase these exports later in the second half, you are expecting? The exports will increase?

L.K. Balamanikandan: Yes, already in October, November, December, I think, we surpassed the exports, we have done in the first six months. So, the second half, exports share will be much higher than the first half.

Suruchi Parmar: Okay. Any percentage you can decide on...

L.K. Balamanikandan: Definitely more than 10%.

Suruchi Parmar: Okay. Fine. Thank you so much for answering my questions.

- Moderator:** Thank you. The next question is from the line of Pratik Kulkarni from Kamayakya Wealth Management. Please go ahead.
- Pratik Kulkarni:** Good afternoon, sir. I just had a few questions. Our cash flow from operations has been reduced by a bit. It has been negative. The key reasons for this, I can see, are the increase in trade receivables and increase in other current assets. So, what time what exactly is the other current assets?
- L.K. Balamanikandan:** Increase in other current assets. Okay. See, what happened, our auditor grouped the advances we have given for the new line, almost INR7.5 crores advances we have made, and that has been grouped under other current assets. That's why there is a steep increase. And we have paid some income tax, advance tax. Even the advance tax is also grouped under the other current assets. That's why it is INR10 crores. But once the new line is installed, it will be capitalized under plant installing.
- Pratik Kulkarni:** Okay. And same for the trade receivables. I mean, are we seeing any increase in the credit line for customers?
- L.K. Balamanikandan:** See, in terms of trade receivables, we were having almost INR19 crores. The major reason is that there was almost INR11 crores sales happened in the month of September. Especially in the last week, we made almost some INR4 crores billing. So, that is the major reason for a jump in the receivables. But when we look at the current receivables, it is very lesser than what we have given in the balance sheet.
- Pratik Kulkarni:** Okay. That's from my side.
- Moderator:** Thank you. We will take the next question from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Good afternoon, sir. Yes. Sir, I just wanted to ask two questions. One is that regarding our margins, what trajectory should we see currently? Because we said we are being aggressive right now in terms of pricing. So, how do we see the growing of the currency? That phase will continue because we want to make a more dent. And that's why our margins will be around 16% right now or it will journey upwards as we do more high-density products or, any sense of that, sir?.
- L.K. Balamanikandan:** Good afternoon, Mr. Darshil. See, we are doing everything to maintain the margin levels, whatever we have done. Last year, it was like INR12.7 crores and now it is INR11.6 crores. So, that is not bad. So, there is not much serious dip currently. And we will try to maintain at this level. At the same time, since we have a higher capacity, new team, we have to focus on the top line also. So, our objective, go for higher revenue growth while maintaining the similar margins. And of course, once we reach a certain point, margins will definitely automatically increase.
- Darshil Jhaveri:** Correct, sir. I just wanted to get a sense of this, like in terms of we are planning for 35%-40% growth in our business. So, in order to get a sense of in terms of domestic, what would be the max market share that you will be able to gain? What is the market size? And I think we have

two other major players around. And we are also entering a segment that is totally untapped for us, a 30%-40% segment of the market. So, just wanted to get a sense that with such a high growth rate, will we be able to exhaust complete domestic market?

And how does then packaging come into play? So that, is that the vertical that, we will be supplying in the same market share or that is another whole new world on its own? So, I just wanted to get a brief sense about that. Like, our growth rates are very high. So, will we exhaust the market completely in terms of how much level that we can reach or that the market is also expanding? So, something just more in terms of our market and our target audience for that market. And market share we want to gain?

L.K. Balamanikandan: Yes. Mr. Darshil, if you look at the Indian market, currently it is growing at a very higher rate. Especially the steel industry, I am seeing a lot of capacity building with existing steel major companies like this, JSW, Tata. Everybody is under capacity increase. And there are many medium and small players also entering the market. The market itself is increasing at a very higher rate. That is a very good thing.

And secondly, now we are, as per our estimate, we must be having some, up to 10% market share. And definitely it will increase. So, I would say, capturing even 30% to 40% market share is a very good thing in this industry. Definitely, we cannot do 100%. That is not a good sign. And that will be like a monopolistic scenario. You know, 30 years-40 years back,

Signor was my competitor. Almost 100% share they were having. Now they are limited to only, I think, 45% to 50%. So, now since market is open, global players are also coming in. So, definitely, doing more than 50% is a very big challenge.

But our focus is, we are also looking at diversification. So, packing contract is one thing. We are also now focusing on preservation and supplying primary packaging to other industries. So, we are also diversifying. We are not only confined to the steel industry and the strapping industry. As we grow, definitely our pollution and suffering will also get matured. And we will start diversifying into the similar line of industry.

Darshil Jhaveri: Perfect. And if I may just one more question. So, we are saying, we have done fantastic revenue right now in H1. So, that we would maintain with our existing capacity and another INR12 crores that we would probably get from our new plant. So, is that the right way to look at it?

L.K. Balamanikandan: Yes, subject to, the successful commissioning and installation. Yes. You are factoring whatever I said and tooling INR12 crores. But, yes, we are positive, very confident that it can happen.

Darshil Jhaveri: Perfect. Just want to say thank you and congratulations. It is one of the better calls that I have heard. All the best for future growth. Thank you.

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

- Chandru:** Yes. So, my first question is on, since our working capital and cash flow limits are already stretched. So, the January, the new line is going to live. So, how we are going to manage the working capital since we are buying our raw material on 100% cash? I think are you mentioned like we are following bill discounting method for managing the working capital. So, can you throw some light on that and going forward, any improvement in payable days?
- L.K. Balamanikandan:** Hi, Chandru. Good afternoon. We got a new working up limit from HDFC, which we got, I think, the first week of October. So, there is some INR6 to INR7 crores of additional limit we already got from our HDFC bank. And till now, we are not doing any bill discounting. But my finance team is actively in discussion with some three or four bill discounting companies.
- So, by the time we install the new line, there will be some kind of facilities via bill discounting. So, we can increase our working capital by up to INR10 CR from whatever is shown in the account balance sheet, either by CTE or by bill discounting.
- Chandru:** Okay, sir. Regarding the payable days Krishca, our competitor Signode is having like a 120 days. Of course, we are there is a divergence with our production compared to Krishca. So, is there any scope for increasing the payable days going forward?
- L.K. Balamanikandan:** As we take more packing contracts, the receivables days, I think, will increase by 30 days. Because in packing contracts, the working capital cycle is higher by one month.
- Chandru:** Okay, sir. I am asking for the payable days. So, we are buying the raw material on 100% cash. So, is there any credit going for?
- L.K. Balamanikandan:** It is possible. We are already in discussion with many suppliers for channel financing. And also, many people are inclined to give credit to us. As we have established franchiser long-term relationship with them. Definitely, it is possible in the next financial year to get some kind of credit from our suppliers.
- Chandru:** Okay. So, my second question is regarding the welding segment. So, you mentioned like you are looking for some investments in welding business. So, can you throw some light on what is the business? What kind of opportunities are there regarding the competition level, etcetera?
- L.K. Balamanikandan:** Right now, we have decided that not to do any investment in welding currently. That project is on hold. Because we are fully occupied with the steel-strapping expansion. And already, we are focusing a lot in the overseas subsidiaries. So, now our focus is mainly on the packing contracts and expanding the strapping business.
- Chandru:** Okay. So, my last question is only regarding the packaging business. So, I heard something like Signode is now-a-days focusing mainly on packaging business. So, how can we bigger, and how can we compete with a big player like Signode in packaging business going forward?
- L.K. Balamanikandan:** They are and they want focusing on packaging business only, not now. They are the only established packing contract company in India. So, for example, we got this Sham Metallic packing contract. That is even for Sham Metallic, this is the first time they are doing it. Earlier, they were packing with Binding work. So, we are focusing on a new customer. We are not

focusing only on the existing contract. We are also trying to convert the current packaging style also with our existing offering. So, our focus and strategy is definitely different from Signode. So, definitely, we can also be able to get market share. And once we get eligibility criteria, there are some PSU tenders happening in packing contracts. In Bhilai, various steel plants are doing packing contracts. So, that is an open forum. Whoever is giving the best pricing and offering will get the contract. So, opportunities are there for us also to grow.

Chandru: Okay. So, these are all my questions. Thank you.

L.K. Balamanikandan: Thank you, Chandru.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Shyam Desai, an individual investor. Please go ahead.

Shyam Desai: Hi. Thank you for the opportunity. So, I just wanted to ask two questions. First is, if I correctly heard, you mentioned that packaging contracts are larger than the strapping business. Is it so?

L.K. Balamanikandan: Yes, we believe so.

Shyam Desai: So, what may be the market size of the strapping business itself in India?

L.K. Balamanikandan: Including the packing contracts, it would be almost INR3,000 crores.

Shyam Desai: No, I couldn't get you. I'm sorry.

L.K. Balamanikandan: Including the packing contracts and the strapping sales, it would be almost INR3,000 crores per annum.

Shyam Desai: Okay. And if we break it into either of the two, it should be half and half or?

L.K. Balamanikandan: No, I would say 35% would be direct sales, 35% to 40%. The remaining 60% would be packing contracts.

Shyam Desai: Okay. Great. So, can I assume going forward, three years, four years down the line, what you're talking about, the 30%, 35% revenue growth, there will be a point of time in the next two years where the packing contract revenues will be more than the strapping solutions?

L.K. Balamanikandan: Yes, that is what we prefer also. That is much better in terms of order book and stable sales. That is our aim. We want to increase the share of packing contracts more than 50%.

Shyam Desai: Okay. And my last question would be, is it possible to break up of this whole, let's say if I take five years, three years and 30%, 35% revenue growth for the same period of time, is it possible to provide break up of all the activities? Because we are including the other activities as well?

L.K. Balamanikandan: This is a very sensible thing to share in the open forum. Maybe you can get in touch with our IR, Kiran. We can discuss over a Facebook meeting, if you're interested.

Shyam Desai: I understand. Thank you so much. Thank you.

L.K. Balamanikandan: Thank you, Mr. Shyam.

Moderator: Thank you. Ladies and gentlemen, as that was the last question, I would now like to hand the conference over to Mr. Kaushal Shinde for his closing remarks. Over to you.

Kaushal Shinde: Thank you, everyone, for joining the conference call of Krishca Strapping Solution Limited. If you have any queries, you can write us at [info@ kirinadvisors.com](mailto:info@kirinadvisors.com). Once more, thank you, everyone, for joining the conference.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Kiran Advisors, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.

L.K. Balamanikandan: Thank you, everyone. Thanks for joining.