



“BMW Industries Limited Q1 FY '26 Earnings Conference Call”

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**MANAGEMENT:**            **MR. HARSH BANSAL – MANAGING DIRECTOR, BMW INDUSTRIES LIMITED**  
                                 **MR. VIKRAM KAPUR – CHIEF FINANCIAL OFFICER, BMW INDUSTRIES LIMITED**  
**MODERATOR:**            **MR. RONAK OSTWAL – ARIHANT CAPITAL MARKETS LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to BMW Industries Limited Q1 FY '26 Earnings Conference Call.

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 this conference call, please signal an operator by pressing '\*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ronak Ostwal from Arihant Capital Markets Limited. Thank you and over to you, sir.

**Ronak Ostwal:** Hello and good afternoon to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining in to Q1 FY '26 Earnings Conference Call on BMW Industries.

Today, from the management, we have Mr. Harsh Bansal sir - Managing Director of the company and Mr. Vikram Kapur sir - CFO of the company. So, without any further delay, I will hand over the call to Harsh sir for his opening remarks. Over to you.

**Harsh Bansal:** Thank you, Ronak ji. Good afternoon, everyone and a very warm welcome to our Quarter 1 FY '26 Earnings Call.

Before we begin, I would like to draw your attention to the Safe Harbor Statement in the earnings presentation. I request you to kindly go through the presentation so that you are well aware of its contents. We appreciate your time today and your continued support.

Today, we will be taking you through the key highlights of our business, operational and financial performance for the quarter. We will also share insights into our strategic direction going forward.

We are pleased to report that the progress on our key strategic initiatives are advancing as planned. Phase-1 of our Greenfield expansion is processing in

line with expectations and we remain on track to commence revenue generation from the color-coated sheet plant by quarter 4 FY '26.

During the quarter, we successfully commissioned two additional tube mills and a 1.28-megawatt rooftop solar installation at our Jamshedpur facility. These developments have increased our tube manufacturing capacity by 60,000 metric tons per annum, bringing our total to approximately 600,000 metric tons per annum across all our units.

Revenue for the quarter stood at Rs. 148.7 crores reflecting a 5.4% sequential decline and a 14.4% decline year-on-year. This dip was primarily due to the temporary shutdown by our key customers which impacted volumes in the CRM and rolling mill segments with some spillover into Tubes. Operating EBITDA margin stood at 21.2% compared to 24.4% in Quarter 1 FY '25. While this represents a year-on-year contraction of 326 basis points, the margin movement was largely due to transitory fixed-cost absorption on a temporarily lower revenue base. Despite this, our margins remain relatively range-bound and should see an improvement as volumes recover. Profit after tax came in at Rs. 15.2 crores, a margin of 9.9%. Looking ahead, we remain confident in the resilience of our core operations. As customer activity resumes and plant operations normalize, we expect a healthy recovery in volumes.

The Bokaro project is poised to act as a key growth catalyst in the upcoming quarters as well as helping us expand our capabilities across the value chain and we are optimistic about the opportunities that lie ahead. For those who did not attend our last call wherein we had given our medium-term guidance, over the next 3 fiscals, we anticipate consolidated revenue to grow at a CAGR of approximately 75% driven by the phased commissioning of Bokaro Greenfield project and our organic growth. Operating EBITDA is expected to grow at a CAGR of 45% over the same period with the operating EBITDA margin stabilizing at about 11% by FY '28 as we progressively integrate the new and existing business lines.

It is important to contextualize our margin outlook within the evolution of our revenue model. Historically, our conversion business model has delivered

operating EBITDA margins in the mid-20s owing to very limited raw material exposure. With the transition to an integrated downstream steel processing model, our cost structures will change. Steel inputs will now form a part of our cost structure resulting in raw material costs comprising over 80% of our revenue. Accordingly, consolidated operating EBITDA margins will moderate as the legacy business blends with a more input-intensive model. However, this should not be viewed as a deterioration in performance. Rather, it reflects a conscious pivot towards scaling volumes, deepening the value chain integration, expanding our market reach and enhancing stakeholder value. We would encourage you to interpret margin trends alongside absolute value creation. While margins may normalize, the topline is set to expand materially and PAT is expected to grow at a robust 40% CAGR over the next 3 years with a PAT margin expected to stabilize at about 5% by FY '28 resulting in a return on capital employed of over 18%.

In closing, we continue to execute with discipline and strategic clarity focusing on long-term value creation. Despite short-term challenges, our fundamentals remain strong and we are well positioned to deliver sustained profitable growth. We thank our shareholders for their continued trust and support during the transformative phase of our growth journey.

Thank you. Over to you, please.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Bhavesh, an Individual Investor. Please go ahead.

**Bhavesh:** Good afternoon, sir.

**Harsh Bansal:** Hi Bhavesh.

**Bhavesh:** Can you hear me?

**Harsh Bansal:** Yes, I can hear you.

**Bhavesh:** Sir, in your presentation, you have written that used manufacturing contract has been extended until H1 FY '25 with an expected revenue of Rs. 365 crores

over the contract period. So, the company had uploaded on the 31st of December 2024 an intimation of work order received amounting to around Rs. 365 crores and there was another work order which was uploaded on the 21st of May 2025. In that also, the order value totals to around Rs. 365 crores. So, I just wanted to understand whether these two orders are separate orders or how is it? Because in your presentation, the total order value is Rs. 365 crores whereas the-

**Harsh Bansal:** Bhavesh, it is the same. One was a work order and then the contract was officially given. So, we disclosed both.

**Bhavesh:** So, it is the same order from Tata Steel?

**Harsh Bansal:** Correct. From the Tubes division of Tata Steel.

**Bhavesh:** Because on the 31st December, you had received a work order intimation. You had uploaded that. And then again, you had uploaded this contract order from Tata Steel, so I was-?

**Harsh Bansal:** Bhaveshji, one is the work order intimation and the other is the contract. Because they are both material news in nature, we uploaded and disclosed both. But they are the same.

**Bhavesh:** Okay, But they are the same. So, it is Rs. 365 crores. And then you have received one more, some Rs. 1,700 crore contract?

**Harsh Bansal:** Yes, that is for the CGL-3. That is right.

**Bhavesh:** So, both are from Tata Steel?

**Harsh Bansal:** Correct.

**Bhavesh:** So, as on date, what is the total order book you have?

**Harsh Bansal:** These are the two major ones. Outside of this, we have some smaller orders.

- Bhavesh:** And how is the Bansal TMT Pipes division progressing, like, how do you see some kind of traction in it, some growth, because the revenue has?
- Harsh Bansal:** I didn't get your question, Bhaveshji. I am not clear on your question, Bhaveshji.
- Bhavesh:** Sir, your pipes and tubes manufacturing business, how is it going exactly right now? Because the Q1, we have seen that there is a revenue decline. So, I just wanted to know how is this business going on because this is a high margin business, right?
- Harsh Bansal:** Which is the high margin business, Bhaveshji?
- Bhavesh:** Pipes and Tubes.
- Harsh Bansal:** For us, it is a conversion business. And the numbers are there in the part of the presentation. So, beyond that, there is not much that I can say, right?
- Bhavesh:** So, going forward, can we see an increase of-?
- Harsh Bansal:** Of course, because that is the reason why we continue to invest in our capacity expansion for Pipes and Tubes. Because that is one segment where we are very optimistic about.
- Bhavesh:** Great, sir, and do you plan to get the stock listed on NSE?
- Harsh Bansal:** We do. Our team is already in conversation and as soon as we are able to fulfill all of their queries and questions.
- Bhavesh:** Thank you so much. I will get back in the queue.
- Harsh Bansal:** Thank you. Thank you, Bhaveshji.
- Moderator:** Thank you. The next question is from the line of Mayank Jamb, an Individual Investor. Please go ahead.
- Mayank Jamb:** Good afternoon, sir.

- Harsh Bansal:** Hi.
- Mayank Jamb:** Yes. Sir, my question is largely on the PLI scheme. So, is it possible you can elaborate on which specific products from our Bokaro facility are eligible under the PLI scheme for speciality steel and the annual and the total production capacity we are planning for that product and the CAPEX amount that we have invested?
- Harsh Bansal:** Sir, most of these data is a part of our disclosures at various times. However, briefly, this is for coated products, alloy, non-alloy coated products are PLIs approved, as well as for GI and Galvalume and ZAM, the total CAPEX includes the entire Rs. 803 crores that we have invested, that we plan to invest in Bokaro. And the capacity details are also part of our disclosure. I won't be able to tell you the exact numbers offhand.
- Mayank Jamb:** Yes. So, entire Rs. 803 crores comes under the PLI details or the PLI specifications?
- Harsh Bansal:** Correct.
- Mayank Jamb:** And what immediate revenue or utilization levels can we expect from the color-coated steel segment in Q4 FY '26?
- Harsh Bansal:** We expect the revenues to start in Q4 FY '26. I won't put a very high number expectation over there because it will also go through all the ramping up and everything. I think we will start to get a better sense of revenue and capacity utilization by early FY '27.
- Mayank Jamb:** Is there any target that we have in mind for the utilization level for the FY '27?
- Harsh Bansal:** Current year, we have actually not put any targets. So, whatever we get, we will treat that as a bonus.
- Mayank Jamb:** And is it possible to give me the benefit amount that we have received from the solar installation, the 1.28 megawatt?
- Harsh Bansal:** Not possible. I am so sorry.

**Mayank Jamb:** No worries. Thank you.

**Harsh Bansal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Utsav Banera, an Individual Investor. Please go ahead.

**Utsav Banera:** Yes. Hi. Thank you for the opportunity. I would like to ask that after the one-off volume drop from a key customer shutdown, what has been the month-on-month recovery curve for CRM and single volumes, like how does current demand compare to pre-shutdown levels?

**Harsh Bansal:** As the current is, how should I put this? We are closer to normal than not-normal.

**Utsav Banear:** And in the market sector, like in defense, solar have shown the fastest recovery, fast shutdown. Do you see any secular shifts in customers that could alter your product mix strategy?

**Harsh Bansal:** Not really. We continue to see the sectors that have been serviced with us earlier. The same sector is coming back to more normal levels.

**Utsav Banera:** Thank you.

**Harsh Bansal:** Thank you, Utsav ji.

**Moderator:** Thank you. The next question is from the line of Parth Patel, an Individual Investor. Please go ahead.

**Parth Patel:** Hello, sir.

**Harsh Bansal:** Hi.

**Parth Patel:** Sir, the revenue growth and profitability face pressure in Q1 FY '26, are there any further headwinds expected in the near term or should we expect EBITDA margin improvement as utilization picks up in the coming quarters?



- Harsh Bansal:** So, interesting question, Parth ji. A lot of these businesses are dependent on how the customer facilities operate. And this is probably the most unusual kind of shutdown that we have seen in years, in maybe decades. So, I don't expect something like this to get repeated in the quarters to come. Having said that, your guess is as good as mine, because I would not like to venture a guess on the customer facilities up or down. Not sure if I answered your question.
- Parth Patel:** Yes, sir. Sir, secondly, the net debt has increased from Rs. 12,000 lakhs at March 25 to Rs. 16,000 lakhs by June 25. What is the updated peak net debt estimate through the Bokaro expansion? And how are you evaluating the balance between debt and possibly equity financing in order to maintain a conservative leverage ratio?
- Harsh Bansal:** So, we don't expect to have a stabilized debt equity even at the peak of more than 2:1.
- Parth Patel:** Thank you.
- Moderator:** Thank you. The next question is from the line of Bhavesh, an Individual Investor. Please go ahead.
- Bhavesh:** Thank you for the opportunity again. So, if you remember, the last call I had suggested for a mixture of equity and debt for the capital raise. So, have you thought about it? How to approach the fundraising plans or just go in that debt form?
- Harsh Bansal:** We will currently continue to work with debt and internal accruals, Bhavesh ji. I am not discounting future capital raise, but at these levels and at this market, I don't want to dilute company equity.
- Bhavesh:** Sir, I understand that, but the net debt is also rising, then the market is also raising, there is a lot of money in the market, so if you-?
- Harsh Bansal:** Yes, I am sure, if you can connect me to people who are willing to invest at good valuations, I am happy to look at it.
- Bhavesh:** Sir, I can connect you with the legal counsels because I am from that.

- Harsh Bansal:** Sir, I have people from Uritus here and I will have them connect with you post the call.
- Bhavesh:** Sure, sir. Perfect. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Mohan, an Individual Investor. Please go ahead.
- Mohan:** Hello, sir. Good afternoon.
- Harsh Bansal:** Hi, Mohan ji.
- Mohan:** There are two questions, sir. One is this unexpected shutdown, is this cleared and is the plant up and running, the customer plant?
- Harsh Bansal:** Largely, yes.
- Mohan:** And the second question is around; you have guided around 75% CAGR and the order backlog looks around Rs. 2,000 crores at this point of time. And we are more concentrated around one customer at this point of time, is there any plan to diversify the customer base and any strategy that you have in place to hit that 75% CAGR?
- Harsh Bansal:** Sir, most of the growth in terms of the 75% that we have projected over the next 3 years, if you recall, we have said that this is on account of the Bokaro Greenfield project coming online in a phased manner. Like we have earlier mentioned, we expect FY '28 to be our first full year of operations for Bokaro where all facilities will have commissioned. And by then, the numbers that we have indicated about the CAGR growth, it is basically through the Bokaro. The organic growth in the existing conversion businesses where there is a higher capital, sorry, customer concentration, as you said, we will see organic growth in terms of, let us say, some tubes, maybe some other growth in CGL, maybe some in the Rebar TMT segment. But largely, most of the growth and the CAGR growth will come from Bokaro.

- Mohan:** Thank you. Thank you for that. And one final question, you see a lot of individual investors taking up this call. Any plans to promote the organization of the company with analysts or other institutions?
- Harsh Bansal:** Of course, we are in touch with a number of them. And I am sure you will get to hear it as and when things move. But you will appreciate that these things take time.
- Mohan:** Thank you and good luck.
- Harsh Bansal:** Thank you, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Hello. Good evening, sir. Thank you so much for taking my question. Hopefully, I am audible.
- Harsh Bansal:** Thank you, Darshil ji. Yes, you are.
- Darshil Jhaveri:** Yes. Hi sir. Sir, just wanted to allow, some of the questions have already been answered. So, just wanted to kind of get a summary of it. So, currently, I think Bokaro plant is going to come towards the end of the year. So, as good as, as you said, it will be bonus, whatever revenue we can get in the first one of it. So, current year, we can expect as good as FY '25, like that is how the business expectations would be, roughly?
- Harsh Bansal:** No, I think we will be better than FY '25. But we will not put a short-term indication because I am hesitant to say by how much. However, more, let us say, a 3-year indication is what we have given. By then all the growth triggers will be activated.
- Darshil Jhaveri:** Fair enough, sir. And sir, just a small clarification. So, the 3-year thing that we are saying, so that starts like FY '26- 27, and 28 will be the year where we have the major chunk, right as the Bokaro plant is going to be full?
- Harsh Bansal:** That is right.

- Darshil Jhaveri:** Fair enough. And sir, just wanted to know, like, currently, like, at what cost are we be able to raise debt, like, so just wanted to know that?
- Harsh Bansal:** I think Darshil ji that is not something which I can independently talk about only debt and all that. However, your point is well taken and we will try to improve the weighted average cost of capital kind of a metric in subsequent calls.
- Darshil Jhaveri:** Yes, because I think major CAPEX is now going to be funded by debt, right, it is going to hit in a phased manner as we commercialize the plant, right?
- Harsh Bansal:** The idea was also, Darshil ji that as we continue to execute and draw down on the debt, we will also start cash flows and be able to kind of service part of it. So, there will be a blend of new debt, but also new revenue and new margins that come into the picture.
- Darshil Jhaveri:** Fair enough, sir. That is it from my side, sir. Thank you so much. All the best
- Harsh Bansal:** Thank you so much, Darshilji.
- Moderator:** Thank you. The next question is from the line of Dev Mehta, an Individual Investor. Please go ahead.
- Dev Mehta:** Good afternoon, sir. Firstly, sir, I just wanted to understand that, is there any trading revenue as a part of our total revenue this quarter?
- Harsh Bansal:** No.
- Dev Mehta:** So, it was just the last quarter, which we did a trading revenue?
- Harsh Bansal:** Majorly, yes, there is always some materials which are sold, but not as much as last quarter, I would say.
- Dev Mehta:** So, the EBITDA margins were mainly affected because of the plant shutdown, right?
- Harsh Bansal:** Correct.

**Dev Mehta:** And sir, secondly, when we are seeing that we have an aspiration of doing Rs. 3,000 crores of revenue, just wanted to get an idea, like how will it materialize? Are we in touch with all the distributors in line? Is there any possible demand visibility? And if yes, then in which sector? Is it solar, defense or there are a lot of towers which are made out of pipe nowadays. So, I believe that is also a very growing sector. So, major chunk is from which sector?

**Harsh Bansal:** So, we are not looking at very downstream sectors. Broadly, what I will tell you is that the numbers will come from color-coated, they will come from alloy and non-alloy coated products like Galvalume, Galvanize or ZAM and they will come from a mix of all of this. On your first part of the question about the distributors, yes, we are in touch and we have started to work on the distribution marketing strategy. I think part of your question was also talking about demand visibility, etc., I think there is a substantial growth in terms of per capita steel consumption, not just for industrial but also for domestic uses. So, today if you see, you travel to most places in rural or semi-rural, earlier you would typically see a lot of the sheds and structures outside houses made with bamboo or wood. Today, a lot of that has started to get converted into pipes and square and rectangular hollow sections, etc. Earlier you would see people using, let us say, grass or husk for their roofing or ceramic tiles. I am not saying tiles are over, but now you have sheets that look like tiles, but they are ultimately steel. So, earlier you had more of galvanized roofing which was plain silver. Today, it is not rare to drive and keep seeing color-coated sheets being used in every application. So, I am extremely optimistic about the demand scenario in India. I do not think, unlike the rest of the world, we are even close to a recession kind of a scenario. Today, when India is looking to increase their capacity, we are currently at let us say about 130-140 million tons. We are looking to increase our annual steelmaking capacity to 200 million tons and beyond. There will be a higher and higher need for downstream processing, value-added steel, more people, aspirational buyers who instead of buying plain silver sheets they want colored sheets. More projects want longer lasting coated products. So, instead of simple galvanized, they want higher qualities of galvanizing, higher material compositions, and things like ZAM. So, just to round it up, I am fairly optimistic about the demand scenario. In

terms of capacity, if you talk about 150 million tons annual, my peak capacity will be half a million tons. So, I don't think I am in the category of a market maker. I will be more on the market-taking side. You have got the biggies who will continue to build the market with momentum and there will always be parts of the market that need higher servicing levels which we can kind of cater to.

**Dev Mehta:** Got it, sir. Thank you, sir, for beautifully explaining my question. Also sir, just one last point, when you said that you are in contact with the distributors, so if you can just let me know what will be the geographical concentration because currently it is in the Eastern part of India. So, will you also be in contact with pan-India or only it will be concentrated to the Eastern part of India?

**Harsh Bansal:** So, because we are located in Bokaro where we have access to hot-rolled coils, we are absolutely not looking at a geographical concentration. We are actually speaking to people across the country because this also allows us to widen our market base and keep looking at future expansion opportunities. When the time is right, I believe that for some of our products, we will also have opportunities in exporting the products and so whenever the time is right and we are at a more stable scenario, we will look at exports as an option as well.

**Dev Mehta:** Got it, sir. Thank you, sir.

**Harsh Bansal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Utsav Banera, an Individual Investor. Please go ahead.

**Utsav Banera:** Hi, sir. Thank you for taking my question again. So, I just wanted to ask that the revenue growth and profitability face pressure in Q1 FY '26. So, are there any further headwinds expected in the near term or should we expect EBITDA margin improvement as utilization picks up in the coming quarters?

**Harsh Bansal:** I would expect improved levels because like I mentioned to an earlier call, I have not seen this level of shutdowns and production disruptions in many decades. So, this is clearly a one-off exception.

- Utsav Banera:** And what is the breakdown of quarter 1 FY '26 revenue across verticals and which segments are expected to lead the next leg of growth?
- Harsh Bansal:** So, if you look at slide 9 on the presentation, the breakup of the revenue is over there. And this is except for pipes and tubes that we are seeing higher capacity as well as high utilization. All the others will stabilize at their historic utilization levels.
- Utsav Banera:** So, these revenue margins will be the same across all the verticals or do you expect any of the verticals to increase or change the dynamic?
- Harsh Bansal:** So, we don't comment on individual margin numbers. But yes, in terms of utilization and topline, I think we should see stabilization in the coming quarters.
- Utsav Banera:** Thank you so much, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Madhu Rathi from Countercyclical Investments. Please go ahead.
- Madhu Rathi:** Sir, thank you for the opportunity. Sir, if I look at FY '26 on overall basis, what kind of EBITDA can we expect from our operations?
- Harsh Bansal:** So, I will stay away from giving annual or short-term guidance, like I mentioned that we will stabilize to historic levels. But specific guidance for FY '26, I would be hesitant to give.
- Madhu Rathi:** And there are rolling mill production and revenues have gone down. Is this because of the plant shutdown that we took?
- Harsh Bansal:** So, there are two factors actually in this if you compare it to Q1 FY '25, if you look at, compared to Q1 FY '25, the reduction is almost 58%. Because in the same time last year, we were actually operating two tube mills, which we later on, mutually along with the customer, we decommissioned one mill. Now, if you look at quarter 4, there is a reduction of about 35%. This is more because of the plant shutdowns.

- Madhu Rathi:** Got it. Sir, that was from my side. Thank you so much and all the best.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the contents over to the management for closing comments.
- Harsh Bansal:** Thank you as always for the very enlightening questions and kind of forcing us to dig deep and think harder. I am always very grateful for everybody who shows up, takes their time to ask the questions and clarify. If there is anything further that we can do, our contact information is there on the presentation, please do reach out to our investment advisors or to the company directly. We will be happy to engage with any of you. Thank you so much. Over to you, please.
- Moderator:** Thank you. On behalf of BMW Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.