

Date: 4th February 2026

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai – 400 001
[Scrip Code: 517146]

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
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Bandra Kurla Complex, Bandra
Mumbai – 400 051
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Societe de la Bourse de
Luxembourg
35A Boulevard Joseph II
L-1840, Luxembourg
[Scrip Code: US9173002042]

Dear Sir/Madam,

Sub.: Transcript of Earnings Conference Call – Q3 & 9M FY26

In continuation to our letters dated 22nd January 2026 and 30th January 2026 and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call for Q3 & 9M FY26 held on 30th January 2026 at 10:00 AM (IST).

The same is uploaded on the website of the Company and can be accessed through the following weblink [TranscriptQ3&9MFY26](#).

Further, please take note that no unpublished price sensitive information (UPSI) was discussed/shared during the call.

This is for your information and records.

Thanking you,

Yours faithfully,

For Usha Martin Limited

Manish Agarwal
Company Secretary & Compliance Officer

Enclosed: As above



USHA MARTIN LIMITED

Q3 & 9M FY26 Earnings Conference Call Transcript January 30, 2026

Anoop Poojari: Good morning everyone, and thank you for joining us on Usha Martin's Q3 FY26 Earnings Conference Call. We have with us Mr. Rajeev Jhawar, Managing Director of the company; Mr. Abhijit Paul, Chief Financial Officer; and Ms. Shreya Jhawar from the Strategy and Growth team of the company.

We will initiate the call with opening remarks from the management, following which, we will have the forum open for a question-and-answer session.

Before we begin, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Rajeev Jhawar to make his opening remarks.

Rajeev Jhawar: Good morning everyone and thank you for joining us today. On behalf of the management team of Usha Martin, I would like to welcome you to our earnings conference call for the third quarter of FY26. I will begin with a summary of the quarter and then share our perspective on the drivers behind the performance.

Consolidated revenues for the quarter grew 6.6% year-on-year to INR917 crore, driven by a better product mix and steady demand trends across our key markets. The Wire segment continued to demonstrate strong momentum, delivering a 20.2% year-on-year increase in revenues.

The Wire Rope segment reported 6.6% year-on-year revenue growth while the LRPC segment recorded a 13% decline year-on-year. Operating EBITDA for the quarter stood at INR176 crore representing a strong 23.3% year-on-year increase. Operating cash flow before tax stood at INR561 crore, translating into a robust 114% conversion of operating EBITDA into cash.



These results are a direct outcome of the strategic choices we have made: First, we continue to push value accretive products and applications across our portfolio. During the quarter, this was driven by higher traction in elevator ropes, crane ropes and oil and offshore ropes, where requirements are more engineering-driven and less price led. This approach also extends to Ocean Fiber, our synthetic sling solution, which complements our steel rope portfolio in specialized oil offshore and lifting applications. Over the past few quarters, this vertical has performed well for us, and we have executed several projects successfully. The Ocean Fiber brand is now established and will continue to scale this segment.

Second, our focus continues to be on adding new customers across geographies because that is what ultimately drives sustainable volume growth. We have a dedicated focus on tracking how many new customers we are onboarding each month across markets. A good example of this is Saudi Arabia. Since starting our Rigging business there, we have added around 60 new customers. While these customers are currently small in terms of volumes, but as the trials are completed and share of wallet increases, we expect volumes from this base to scale up.

Third, our focus on cost structure continues to translate into better operating leverage. Over the past year, we have simplified our processes and policies, improved productivity and rationalize overheads under the One Usha Martin framework. This further allowed us to deliver healthy margins during the quarter and achieve an EBITDA per metric tonne of INR33,350 and margins of 19.2%.

Fourth, we continue to focus on generating strong cash flows, improving working capital and being thoughtful about capital allocation. This has allowed us to strengthen the balance sheet while continuing to invest. We closed the quarter with a net cash position of INR198 crore and a ROCE of 20%.

Looking ahead, growth remains a key priority for us, and volumes are an important part of that equation. We see volume growth coming from new focus areas where we have been building capability over the last few years. This includes the high-quality Wires such as GALSTAR, value-added growth across segments like Elevators, Crane, Mining and Oil and Offshore as well as



specialized products like the plasticated LRPC. These are categories where customer qualification cycles are longer, but once established, they tend to be more stable and recurring. With capex at Ranchi plant facility largely stabilizing, ongoing approvals and a healthy order book, we are well positioned for a pickup in volumes in the coming quarters.

Additionally, over the past few quarters, we have significantly deepened our engagement with the end customers. Our R&D teams are working closely with these customers to develop customized solutions enabling us to participate in more specialized and higher value requirements. This closer integration with customers also provides us with reasonable visibility on demand pipeline, reinforcing our confidence in scaling up volumes and value.

While the global operating environment continues to present uncertainties, the steps we have taken over the past few years gives us the confidence in how the business is positioned, both operationally and financially. This gives us a stable base to continue into our next phase of growth.

With this, I would like to now invite our CFO, Mr. Abhijit Paul, to present the financial highlights for the quarter. Thank you.

Abhijit Paul:

A very good morning to everyone. I will now provide a brief overview of the company's operating and financial performance for the quarter and 9 months ended 31st December 2025. In Q3 FY26, our consolidated net revenue from operations stood at INR917 crore as compared to INR861 crore in Q3 of FY25.

This performance was driven by a healthy 20.2% year-on-year growth in Wire segment, while Wire Rope segment, which accounted for around 73% of the total revenues, registered a 6.6% year-on-year growth. The growth was supported by an improved product mix and a disciplined approach to the volumes across key markets.

Operating EBITDA for the quarter stood at INR176 crore as compared to INR143 crore in the same quarter last year, with margins improving to 19.2% from 16.6%. Net profit for Q3 FY26 increased to INR107 crore from INR92 crore in Q3 FY25, despite a onetime cost impact of INR13 crore arising from the implementation of the Wage Code.



The improvement in profitability was driven by favorable sales mix and operating leverage, supported by sustained cost discipline. For the 9 months period ended 31st December '25, consolidated net revenue from operations stood at INR2,712 crore, registering a 5.2% year-on-year increase over 9 months of FY25.

During the period, the Wire segment recorded a strong 21.8% year-on-year growth, while the Wire Ropes segment grew by 5.6%. Operating EBITDA for 9 months FY26 stood at INR494 crore, as compared to INR458 crore in 9 months of FY25.

Profit after tax from continuing operations for the 9-month period stood at INR336 crore, up from INR305 crore in the corresponding period last year. On the balance sheet front, overall net working capital has reduced by INR97 crore from the peak of December '24, reflecting continued improvement in working capital management across the business.

This reduction was driven primarily by lower inventory levels and continued discipline in receivables management while maintaining a stable current ratio. Net working capital days have remained broadly stable on a trailing basis, even as absolute working capital levels have declined, indicating improved execution discipline. Free cash flow generation during the 9-month FY26 remained strong at INR318 crore, supporting meaningful deleveraging of balance sheet. Gross debt reduced from INR338 crore in March 2025, to INR172 crore as of December 2025, driven by internal approvals.

As a result, the company has moved into a net cash position, which has also led to a notable reduction in the finance cost and further strengthened our financial flexibility.

To conclude, our performance in Q3 and first 9 months of FY26 reflects the benefit of our disciplined operating and financial approach with improving margins, strong cash generation and the strengthened balance sheet. With a net cash position and stable demand across key markets, we believe the company is well positioned to support growth initiatives while maintaining financial discipline. This brings me to the end of my address.



I will now request the operator to open the line for Q&A session. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session.

We take the first question from the line of Aman Kumar Sonthalia from AK Securities. Please go ahead.

Aman Sonthalia: Good morning sir and congratulations to the team for delivering a strong set of results in challenging macro environment. The healthy cash flow generation is particularly encouraging. But, I have a few questions regarding the results. When do we expect a clear and sustained recovery in volume growth and which business segment are likely to lead this recovery?

Shreya Jhavar: Thank you so much for that question. Of course, volume growth is very important to us. If we look at the 9 months period so far, we have seen about a 5% increase in volume growth. On the wire side, we have been able to increase volumes more but on the rope side, of course, there is definitely further scope to push up volumes, which have only been marginally up I would say, year-on-year.

When we can see this growth, of course, from a capex point of view, our capacities are ramped up on the rope side and we are ready to push up production. Now it is just about getting the right mix for optimal utilization and also pushing further on the market side. As we mentioned in the opening remarks there are a few things that we are doing on that front to push up volumes, be it – One, actively developing and tracking new customers across all our regions.

Second, we are also working on more OEM approvals in the value-added segment, which is our focus, for example, in elevators, cranes, etc. And also we are pushing more volumes through value-added services, which we are working more directly with the end customers, which is helping us get better visibility on demand and so we can plan the right mix better. So, all of these should help us in the coming quarters to push up volumes in Q4 as well and then in the next financial year.

Aman Sonthalia: Whether we are seeing good order position compared to last year?



- Rajeev Jhawar:** Yes, we see a much healthier order book, both on the domestic and export front, based on all the various initiatives the company has taken. With this increased order book position, which is much better than what it was same time or in the previous quarters, we expect that to also help us ramp up volumes in this quarter and the coming quarters.
- Aman Sonthalia:** And generally, I think the high-value orders, the capacity utilization comes down. Do we have better high-value orders or is the commodity part of the order we had?
- Rajeev Jhawar:** The commodity part of the order generally comes on a month-on-month basis. The high-value products and project-based orders which are generally booked in advance because they are specialized in nature and require special raw material and extra manufacturing, processing time for those. We see a very good order book on those at the moment as well as good pipeline of inquiries.
- Hopefully, that should help us in translating into more value-added products in the future. The other part, what you said, the value-added production, the processing time is higher than the standard and general purpose ropes and we see generally a 30% to 35% low output if it is a specialized product requiring higher compaction and higher tensile of ropes.
- Aman Sonthalia:** And since Europe is our very important market, so how will free trade agreement translate into tangible benefit for Usha Martin in terms of export volumes, margins and overall competitiveness over the next 12 to 24 months?
- Rajeev Jhawar:** The European market, the free trade agreement in any case for our product was nil duty. So, we do not see any major issue. It was already on a zero duty. So it is business as usual for us. Our products did not attract any duty even earlier.
- Aman Sonthalia:** And what is the current status of the Saudi Arabian business and how the Thailand operations are ramping up?
- Rajeev Jhawar:** The Saudi Arabian business is slowly ramping up. We have seen quarter-by-quarter the business ramping up. As I mentioned earlier that we have developed 60-odd new customers and more and more are getting added and



supplies have already started. So, we expect from Q4FY26 onwards, improvement in the volumes and it should be a gradual ramp-up in the next financial year. We should be able to see better numbers in the coming quarters.

Aman Sonthalia: And about Thailand operation?

Rajeev Jhawar: In Thailand plant we have made some capital expenditure and started some modernization of our plants. We see a good traction of orders coming in from Southeast Asian markets and with some European customers based on the new capex which we have initiated.

However, we are in the process of also working on a cost optimization plan, which would take another, four to six quarters to be able to fully implement. And once these two initiatives are implemented, we hope that Thailand in the next four to six quarters should also start yielding better financial numbers.

Aman Sonthalia: And one more question. How is the synthetic sling business scaling up and can you give meaningful contribution to revenues and margin in the next financial year?

Shreya Jhawar: The synthetics business is doing well, as we have mentioned, the Ocean Fiber, which is our brand for the synthetic sling solution that is now well established. We are consistently getting orders on a month-on-month basis. And we do hope to continue to grow this vertical in the next financial year. We have developed 8 to 10 new customers and we are also getting repeat orders from our existing customers. So definitely over the next year and then over the next 2 to 3 years, it should become an even more meaningful vertical for us.

Rajeev Jhawar: When we had initiated this project that it would take a couple of years to breakeven. But I am happy to say that in the very first year, we would be cash positive in this business and the inquiry base is strong and we hope that these can help as Shreya mentioned to ramp up in the coming couple of years.

Aman Sonthalia: That is great, sir. When do we expect a significant volume in plasticated LRPC and how important can the product be in the company's future growth?



Rajeev Jhawar: Plasticated LRPC is a very important part, particularly for the infrastructure business. The approval process does take time. We have approvals from two or three big players and we are in the process of getting approvals for a couple of more, which we hope should happen in the next 2 to 3 months.

Once these approvals are in place, we should not only be able to supply to products to them within India, but also an opportunity to export this. I would say, give us another 2 quarters, say, Q1FY27 and Q2FY27, then we see a good ramp-up of plasticated LRPC also.

Aman Sonthalia: And closing question is which business segment and geographies will drive the next phase of growth for Usha Martin? And what strategy will help the company achieve the next level of growth?

Rajeev Jhawar: See, the good part for Usha Martin is that we have a fairly diversified geography, and that also helps us, particularly in this geopolitical crisis as well as certain segments keep improving or keep coming down. So, our focus would continue to be servicing all these geographies and trying to increase our volume wherever possible. Of course, Saudi is something we started new. We are going to ramp up.

Europe continues to be important for our future growth as most of the big producers and the big contractors are based out of Europe. Their Rope demand may be in different parts of the world, but generally, the orders are generated from Europe. So, European customers, the OEMs would continue to be our prime area of growth within the Rope segment.

But at the cost of repetition, we would continue to focus on every part because we have the capacity now. We want to ramp up our volumes, and we do not want to ignore any segment or any geography. I think things should get better. You will see the volume as well as the top line should start growing value-wise in the coming quarters based on all these initiatives.

Aman Sonthalia: Thank you for your time and all the detailed responses.

Moderator: Thank you. We take the next question from the line of Jasdeep Walia from Clockvine Capital Advisors. Please go ahead.



Jasdeep Walia: Hi, sir could you tell us about trends in volumes in India, US and Europe in the third quarter, which has just gone by? This is only about Wire Ropes?

Abhijit Paul: Going with the volumes, you want to know 9 months figure, right?

Jasdeep Walia: No. In the third quarter, how was the volume growth in India, US and Europe in Wire Ropes business?

Abhijit Paul: Year-on-year, this quarter, we did around 13,000 tons in India. This is again around 12,000 tons in the Q3 of FY25. So roughly, I would say, around 5% growth over last year Q3. On the European side, it is more or less flat at a similar level, a bit on the lower side and US growth of 5% to 8%.

Jasdeep Walia: Got it. And what is the reason that growth in India has been less than expectations in the last quarter? I think management had said that last quarter was subdued because of monsoons, and hence, the volume growth will come back in third quarter. But this quarter also, we see mid-single-digit kind of growth in India and Europe is flat. What are the reasons driving this subdued growth in volumes?

Shreya Jhavar: Overall, in the domestic market, we are seeing growth in the value-added categories like, for example, Elevator Rope where in the domestic market with the Tier 2, Tier 3 cities coming up, we are seeing growth in that segment. Even in the Port segment, we have reasonable market share, but we are seeing growth there.

Where the growth has been slightly slower is on the GP Rope segment and more of the low-value Wire Rope segment, as we mentioned before, when we focus more on the value-added side, the overall productivity of the plant decreases. So, we have to make a choice as to where we want to focus our energy.

So there are certain low-value general purpose Wire Ropes where realizations are not as attractive and because our focus is on the value-added side, that is some area that we have seen volumes stay stable or decreasing.



Jasdeep Walia: Got it. And is higher competition in low-value GP Ropes also the reason why margins have gone down, and hence, you are not interested in growing that business?

Rajeev Jhawar: In the domestic market, other than a few selected areas is not because of competition but because of strategic choice we have made, whether to produce those products on those machines or if I have the opportunity, to produce value-added products that gives us a higher contribution on a particular line of product.

And that choice we have made. So it is not that we are losing on price to competition. It is a deliberate policy that if I have orders of the higher value-added products, we focus on servicing those customers. But even the domestic market has been subdued. It has not been so aggressive on the GP Rope market. From Q4FY26 onwards, we are seeing a pickup of demand, and we should be able to get better volumes in the coming quarters.

Jasdeep Walia: Got it, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Rupesh Tatiya from Long Equity Partners. Please go ahead.

Rupesh Tatiya: Thank you for the opportunity and congratulations Rajeev ji for a very good set of numbers. My question is on the CBAM issue - the Carbon Border Adjustment Mechanism that Europe has come up with. I think it became applicable from January '26. And I think in the FTA also there was no sort of relief on this front.

And I think steel is one of the major industries and is basically the target industry under this. Is there any impact of this on us? Do we need to change some source of steel? How we procure steel? Can you give some color around that?

Shreya Jhawar: On the CBAM issue, if we look at our product line, it is Wire Ropes and Wires. So, Wire Ropes comes under section 7312, which as part of the definitive period in January 2026 not included yet because it is a more downstream complex steel product, which will likely get included in the 2028 cycle. So, from a Wire Rope standpoint, we are not impacted yet.



On the Wire standpoint, which comes under Code 7217, that is something that is included. Most of the wires that we supply is largely in the domestic market in the United Kingdom, which is not included and some small volumes, maybe around 100 to 200 tons annually in the European market. So, for that small volume, it comes into effect from this year.

We are doing all of the calculations, which need to be submitted on an annual basis from February '27. And we are doing all the necessary calculations, working with our customers to understand what the impact would be and taking necessary actions.

As of now, it is a very small volume for us, so not a meaningful impact. But we are making all the preparations required for when larger part of our products get included and for Wire Rope, which also will probably get included in the coming 2 years.

Rupesh Tatiya:

What sort of changes do we have to do from 2028? And does it sort of reduce our competitive advantage in the sense that India has one of the lower steel prices. Does it give some advantage to European manufacturers? Any color you can give around that? And what exactly do we have to do to not have to give any levy for the CBAM?

Shreya Jhavar:

Yes. What we are doing now is even though this is 2 years ahead, we are starting to do the calculations, both of direct and indirect emissions for the product to understand what actually could be the potential financial impact. So even though we are statutorily not required to do the submission, we are still doing the calculation. So, we get an estimate of what that impact would look like.

Now what we have to do is look at, okay, how do we minimize this impact going forward, right? So that might mean that we look at dedicated lines within the plant, which are more - already green manufacturing that can help us reduce this emission. We have already taken up a project to set up a 4-megawatt solar power plant in the Ranchi plant. So that can be more dedicated to these lines for which we supply to the European market.



These are some of the initiatives. Once we have a decent understanding of the impact, we will use these initiatives to see how we can overall minimize it so that the overall financial impact and burden on us is reduced to the maximum extent possible.

Rupesh Tatiya: So, it is a solvable problem. Is that the right takeaway from this?

Shreya Jhavar: Yes, definitely. And ultimately, CBAM is not just applicable to us, it will be applicable to everyone else as well, right? To that extent, it is not a significant competitive disadvantage to us, but we still want to take all the necessary actions in place to make sure we are prepared. And this is a journey we started a few years ago already with trying to see what all we can do in the plant to minimize our emissions. So that is a journey that will continue and now we have put the accelerator on it as well.

Rupesh Tatiya: The second question is Ranchi capex. Where are we on the ramp-up? I do not remember now how much capacity was there. What is the capacity utilization? How will you see FY '27 playing out? How will the value mix move? Some color around Ranchi capex ramp up?

Abhijit Paul: We took a capacity addition of 40,000 tons in ropes and wire at our Ranchi facility. That includes, 19,000 tons of rope and 21,000 tons of wire. So, our rope capacity at Ranchi and Hoshiarpur was around 72,000 tons before these additions. And with this 19,000 tons addition, it will be around 91,000 tons. And our capacity utilization in Ranchi facility is around 75% at the moment, after this addition. That is related to the rope capacity.

On the wire front, in Ranchi facility after this addition of 20,000 will be roughly 75,000 tons, where we will be having around 78% capacity utilization.

Rupesh Tatiya: So, this 75% capacity utilization is a consolidated capacity utilization.

Rajeev Jhavar: You asked for the Ranchi plant. So this is about the Ranchi plant.

Rupesh Tatiya: Okay. And final question, Rajiv ji is, we are now net cash positive, what an amazing journey. I think most of the issues are sorted. So are there any large virgin markets or large virgin product categories that we are working on and



that can take us from, I do not know, INR2,500 crore revenue in wire ropes to, let us say, INR4,000 crore revenue in two, three years.

What is the strategic road map looking like? How are we seeing the new segments? Any color around that would be very helpful.

Shreya Jhavar:

Yes, definitely. As you mentioned, we have a net cash position of about INR200 crore, and that is continuously growing. So, we are constantly thinking about how we will continue to invest and the priority would be to continue to reinvest in the business. And as we mentioned, we want to do all of the capex from our internal accruals as well.

In terms of demand, we do see demand across some product categories where capacity is still a constraint today. We are continuing to deploy targeted capex in those areas, primarily around brownfield projects or debottlenecking projects where we feel that returns will be attractive. And the capex of this would be around INR250 crore to INR300 crore level. At the same time, we are also looking at inorganic opportunities that will help us build markets for the capacities that we have created.

We are present virtually across all markets, but in certain areas, for example, in Europe, our presence is primarily in certain regions, whether it be Netherlands, in the England, Scotland area as well as in the Spain area. But there are so many other markets in Europe, be it Germany, where we are seeing some growth and other markets in Europe as well where there is still an opportunity for growth.

So, we will look at both inorganic and organic opportunities that will help us build those markets. And of course, as part of our overall capital allocation plan as well, we might also look at greenfield opportunities if that makes sense.

Rupesh Tatiya:

And just a quick question on Parvatmala Project, I think I saw Adani got a contract, maybe three to six months ago. When can we realistically expect first commercial order for the Parvatmala Project? And what kind of range or size are we looking at for that order?



Rajeev Jhavar: The Parvatmala Projects, there are a few contracts which have been issued. In these projects wire rope procurement is at the last stage. We are in touch with all the people who have won the projects, be it in Prayagraj, Adani and others and they are also in touch with us.

But I think it will not be before next two to three years, that we see the first supply happening to these projects, because these projects take minimum three to five years to come to a level where they start buying the wire ropes.

So we are in the initial stages, but I am happy to say that a few of them are in constant dialogue with us, and we are working to supply all the details to them, work with them. And hopefully, let us see if we can get a few orders in the next couple of years.

Rupesh Tatiya: Thank you for answering all my questions. All the best.

Moderator: Thank you. We take the next question from the line of Prolin Nandu, from Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: I just wanted to understand some of the color that you have already mentioned on the volume growth and the kind of initiatives that we are taking. Are these initiatives something that will show result as early as Q4FY26? Or do you think this will take a slightly longer time? And the broader question that I am looking for is that, if I look at your previous outlook, our company should have a steady growth in terms of growth of top line, at least in 12% to 15%, is what you had alluded to right?

So should we return back to that run rate, at least in FY '27 onwards? Or do you think, that is going to be a challenging thing for us?

Shreya Jhavar: On the volume side, we should see a gradual ramp-up from Q4 and then in the next financial year it should definitely be better, based on some of the inquiries as well as order pipeline that we were mentioning. If you look at the past three years CAGR of the wire and ropes business on a volume standpoint, we will see that it has been around 11% to 12% range.

Where the degrowth has happened is on the LRPC side. Even on a nine month basis, if we look overall, volume growth was 5%, but wire and ropes combined



is at 8% levels. That being said, we know that there is still scope for improvement. Ropes capacity globally at about 145,000 tons now and we are at 74% - 75% utilization overall. So, there is still a lot of room for growth. We have the capacities. And with all of the initiatives, we should see by Q4FY26 slow pickup and then overall further pickup in FY27 as well.

On the revenue standpoint as well on the Wire and Ropes side based on the forecast for this year, if you look at the three-year CAGR from FY24 to FY26 on the Wire and Rope side, again it is about 10% to 11% roughly around what we had guided. And then on the LRPC side where the market has become a more commodity market, so that is something where we see degrowth, which again brings down the overall number.

Going forward, again, on a revenue standpoint, in the next year, we do expect early double-digit growth for sure.

Prolin Nandu:

Okay. That is very helpful, Shreya ji. Where I was coming from is that, if I look at your operating EBITDA number. We are at that INR600 crore run rate. We were at INR600 crore in FY24. In FY'25, we were also at INR600 crore. Maybe this year, also best we will do is end up at that number. right? So, three years of flattish EBITDA. My question is that is there any risk that you see to percentage EBITDA margin, per ton EBITDA margin next year that could still keep the EBITDA growth lower than the top line volume growth that you just alluded to?

Shreya Jhawar:

Yes. On an overall EBITDA level, if you see last year, we were operating EBITDA of about INR597 crore, this year in the 9 months itself, we are at INR494 crore. And last 2 quarters, we have had about INR175 crore, INR176 crore.. So, at a minimum, we should see not a INR600 crore level, for sure, definitely more in the INR680 crore, INR700 crore range is what we see for the year.

So from a INR600 crore base over the last few years to INR680 crore, INR700 crore is definitely a growth on an EBITDA standpoint. But yes, on the revenue standpoint, we definitely have more work to do, 100% agreement on that and with all of the initiatives that we mentioned, we should see that coming as well, while maintaining our margins at the 19% to 20% level.



Prolin B. Nandu: Thanks a lot and all the very best.

Moderator: Thank you. We take the next question from the line of Kartikeya Kumar Pandey from 360 One Capital. Please go ahead.

Kartikeya Pandey: I just wanted to understand few things. With most of the capex over, what is your vision for the next 2 to 3 years, if you could give me some light on that, like how much capex are you going to do, some numbers?

Rajeev Jhavar: On the capex, as mentioned earlier, we have a few areas where we see growth and demand coming up, both in the domestic and export market, particularly on the value-added products like elevator, like crane ropes, port cranes and some for the oil offshore and even on the ocean fiber business. So, to maintain a 10% to 12% to 15% volume growth, we believe the capex should be between INR 250 crore and INR 300 crore per year. To have this capex in the next 2 to 3 years, we expect between INR250 crore to INR300 crore, including maintenance capex every year.

Kartikeya Pandey: What will be your maintenance capex number, if you could just give it?

Rajeev Jhavar: The maintenance capex number would be around INR50 crore a year.

Kartikeya Pandey: Okay. And I just want to understand what is the kind of mix between the 3 segments, when you think of your business like 2 to 3 years down the line, what is the segment, the ratio that you think should be the optimal for your business?

Shreya Jhavar: Yes. Definitely, going forward, like we mentioned, LRPC because it is become a commodity market that will become a much lower percentage in terms of volume and the growth is going to come from Wire Ropes and Wires. If we see Ropes right now is around 73% of our top line that would keep growing in the next 3 years, around 75% - 76% at the least. And Wires would also keep growing as we are going into more high-value wires as well as overall increasing our wire volumes by more export volume other than the domestic, which we have been doing.

On the LRPC side, while we will not see that volume growth because the black LRPC, which is a commodity market. On the plasticated LRPC side, as we



mentioned, as the approvals come in and our volume start to go up as the projects get executed, I think that is an area of focus. Right now, we have a capacity of about 6,000 tonnes per annum, and we will look to further expand that as well as the approvals for our various customers coming.

Kartikeya Pandey: Basically, Wire and Wire Rope segment is expected to grow at around 10% to 11%, is what you are saying right?

Rajeev Jhavar: The Rope segment should grow with all the capex in place and the various initiatives which we have taken to develop newer geographies and newer products should grow by about 10% to 12%. And the Wire segment, as we have seen growing by about 20% this year. This momentum should continue with more and more of the value-added wire products, which we are trying to develop both for the domestic and export market. So, these will be the key drivers. And together, an average would be close to around 12% to 15% of volume growth in the Wire and Rope segment combined.

Kartikeya Pandey: Okay. Understood, And in this quarter, you are seeing some good amount of price hikes in steel and as well as price increase in zinc as a commodity. So, what could be any impact in the coming quarter that you can highlights on margins?

Rajeev Jhavar: I think the Wire and the LRPC is generally pass-through in nature. Any steel price increase or decrease is always passed on to the customers and we have already started seeing the price increase as the steel price on these products.

On the Wire Rope front, I think we, as always seen in the previous last few years also that because of our overall mix and price management, we are able to ensure our protection of margins. So even if the steel price increase, we are hopeful of remaining between the 19% - 20% margins what we have indicated earlier.

Kartikeya Pandey: Right. And it will not have that specific on volume, if I if I get a sense on business?

Rajeev Jhavar: No, it does not impact the volumes.

Kartikeya Pandey: Okay.



Rajeev Jhawar: Thank you.

Moderator: We take the next question from the line of Sucrit D. Patel, from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit Patel: Good morning to the team. I have 2 questions. My first question is, as you have outlined your road map in the commentary so far. I just want to understand the key trade-off the management is currently navigating across Usha Martins core Wire Rope and Cable programs.

For example, between capacity allocation, delivery timelines and margin optimization, what internal thresholds or early demand signals would prompt you to recalibrate your current plan of action if the conditions shift?

Shreya Jhawar: Of course, with the constant balance between value-added segment and volume growth, right? So that is a constant balance that we have to strike. And as we mentioned, for the value-added growth, we have a more advanced order book because the delivery timelines, etc for those are a little bit longer and the requirements are also more customized.

But in situations where in months we do not see, for example, a lot of traction on the value-added segment, we recalibrate our approach and focus more on the GP Rope side because ultimately, we want to get to the overall volume level and ensure efficient utilization of all of our assets. We are constantly balancing between the two, and on a month-on-month basis, depending on the demand pipeline, we take that call.

Sucrit Patel: My second question is to Mr. Paul. Again, forward-looking one. From a monitoring standpoint, how are the early operational or financial indicators you track internally could signal either upside or also pressure on the margin in the cash flow before they show up on the reported numbers? I just want to understand your view on this, on the tracking part of it.

Abhijit Paul: So overall, we track the net working capital numbers. That is one key numbers that we track on a monthly basis, basically inventory management and receivables management. These are the 2 areas where we are continuously focusing, and that is yielding our good improvement in the cash flows. So on



the cash flow side, these are the 2 areas we constantly monitor to ensure that cash conversion is positive.

Shreya Jhavar: Just to add to that, a few KPIs that overall, we track as a group is, of course, around our volume growth, around our top line growth. Third is around our conversion of EBITDA to operating cash flow. We want to maintain that above 95% at all times. And right now, we are at 114% for the 9 months. And the fourth KPI that we have as an organization is our ROCE, which is right now 20% and our long-term goal for that is 25%.

Sucrit Patel: Thank you, and best of luck for the next quarter.

Moderator: We take the next question from the line of Anil Yadav from Axe Capital. Please go ahead.

Anil Yadav: Good morning and congratulations on the set of numbers. My first question is, if we look at our overall Wire Ropes sales volume in tonnage terms, could you please help us understand what proportion is currently coming from value-added specialty Wire Ropes? Additionally, how does this segment compare in realization versus standard Wire Ropes products?

Abhijit Paul: Wire Ropes is 73% of our total turnover. And within Wire Ropes, 70% is value added. And if you see the difference in margin, the difference is around 1 lakh in margin between a general rope and elevator rope - on an average.

Anil Yadav: Okay. Within the total Wire Ropes production mix, could you share the approximate tonnage per attributable specifically to elevator ropes? And if possible, what would be the average relation per tonne for this category compared to the blended wire rope realization?

Rajeev Jhavar: We generally do not share sector-wise volume details, what we really share is between the GP rope and the value added as 2 separate segments. Within that, we do not share individual details.

Shreya Jhavar: On the top line side, elevator is about 9% to 10% of the overall top line. On the volume side, we do not split it up by any segment. We do not share that.



- Anil Yadav:** Okay. Understood. And my last question is out of total Wires Ropes volume, how much tonnage would be locked coil wire that is LCWR. Further, could you provide some perspective on how much of that LCWR volume is currently tied to infrastructure programs such as Parvatmala or similar OPA projects.
- Rajeev Jhavar:** As mentioned to you for the previous question, we will not get into individual segment-wise reporting for individual sectors like this. And we always look into between the specialized and non-specialized. And that is how our reporting is done, and individual sector-wise, we do not have those numbers disclosed.
- Anil Yadav:** Thank you so much. Thank you for taking my question and time.
- Shreya Jhavar:** Thank you.
- Moderator:** Ladies and gentlemen, we take the last question from the line of Rajesh Agarwal from Moneyore. Please go ahead.
- Rajesh Agarwal:** My question on any further scope of working capital improvement?
- Rajeev Jhavar:** Of course, working capital, like our CFO mentioned, in last 1 year, we have reduced by almost INR97 crore by tightening common with all our business entities as a part of One Usha Martin are on a common digital platform, and that is helping us to track our receivables and the inventory and the quality of inventory. So this is an ongoing exercise. And we hope that this should continue to get better in the coming quarters also.
- Rajesh Agarwal:** Can you quantify a number of days? In this presentation, it was 199 days. So can it come down to 175, 180 days?
- Abhijit Paul:** We are always trying to do that. So now our target is to reduce to at least 180 days.
- Rajesh Agarwal:** And second question, the value addition will improve going further. So, is there a scope of margin improvement also?
- Rajeev Jhavar:** As we mentioned earlier also that our margin which had come down to about 16%, 17% or 16%, 16.5% - in last 2 quarters, we are at around 19%. On the product mix improvement, we would be between 19% to 20%, that is our



target. And beyond that, I feel that if you try to keep on increasing that, you start losing your volumes and market share. So, we would like to try to maintain increased volume with the EBITDA between 19% to 20%.

Rajesh Agarwal: And sir, the last question on the labor code. The onetime provision has been done. So, every quarter, the employee costs will increase from here or it will remain the same?

Abhijit Paul: No, no. So there are onetime costs due to retrospective effect. There will be some increase in the gratuity expenditures going forward, but that will be less than a crore in a year.

Rajesh Agarwal: Okay. It will not be much?

Abhijit Paul: No, it will not be much.

Rajesh Agarwal: Thank you.

Moderator: Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Rajeev Jhawar: I would like to thank everyone for attending this call and showing interest in Usha Martin Limited. I hope we have been able to answer all your questions. The company is dedicated to creating value for its stakeholders in a sustainable manner. Should you need any further clarification or would you like to know more about the company, please feel free to reach out to us or to CDR India. Thank you once again for taking the time to join us on this call and see you in the next quarter.

Moderator: Thank you. On behalf of Usha Martin Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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