

14 November, 2025

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Scrip Code: **500128**

ISIN : INE086A01029

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051

Symbol: **ELECTCAST**

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Conference Call

This is in furtherance to our letter dated 10 November, 2025 for uploading audio link of the Conference Call held on Monday 10 November, 2025 at 4.00 pm IST, to discuss Q2 & H1 FY26 Earnings of the Company.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the transcript of the said call with the Investors.

Please find below the link of the transcript of the said call that has been uploaded on the website of the Company- <https://www.electrosteel.com/document/Transcript-of-Investors-Concall-held-on-10-November-2025.pdf>

This is for your information and records.

Thanking you,

Yours faithfully,

For Electrosteel Castings Limited

Indranil Mitra

Company Secretary

ICSI: A20387

Encl: as above

Electrosteel Castings Limited
Q2 and H1 FY'26 Earnings Conference Call
November 10, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '26 Earnings Conference Call of Electrosteel Castings Limited.

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. Hiral Keniya from EY LLP. Thank you, and over to you, sir.

Hiral Keniya: Thank you, Sagar. Good evening, everyone. On behalf of Electrosteel Casting Limited, I welcome you all to the company's Q2 and H1 FY '26 Earnings Con Call.

To discuss the performance of the company, we have with us from the management team, Mr. Madhav Kejriwal – Whole-Time Director; Mr. Sunil Katial – Whole-Time Director and CEO; Mr. Ashutosh Agarwal – Whole-Time Director and CFO; and Mr. Gaurav Somani – General Manager, Finance.

Before we proceed with this call, I would like to draw your attention to the fact that today's discussion may contain forward-looking statements that are subject to various risks, uncertainties and other factors, which will be beyond management's control. We kindly request that you bear in mind that there may be uncertainties while interpreting such statements. We will now start the session with opening remarks from the management team. Afterwards, we will open the floor for interactive Q&A session.

I will now hand over the conference over to Mr. Madhav Kejriwal for his opening remarks. Thank you, and over to you, sir.

Madhav Kejriwal: Thank you, Mr. Hiral. A very good afternoon to all. Thank you for joining us. The environment over the past few quarters for the Ductile Iron pipe industry has been challenging, and this quarter reflects the same. The Ductile Iron pipe segment continues to face demand slowdown due to delays in government spending. Consequently, production levels have been moderated, costs have increased and there's a downward pressure on pricing. Collectively, these factors have impacted profitability and created a challenging operating environment.

That said, despite these headwinds, our other business segments such as Cast Iron pipes, ferroalloys, DI fittings and exports, along with the higher other income have supported the overall performance. Our Balance Sheet continues to remain strong, underscoring the Company's inherent financial resilience. We are certain that the current phase is a temporary adjustment rather than a structural shift. The sector fundamentals remain strong, and we are optimistic about the medium- to long-term outlook. The nation's development vision is deeply linked with the creation of robust infrastructure, and we see the Government's continued commitment to expanding drinking water and sewage networks as a major driver for growth.

With this, I would like to hand over to Mr. Sunil Katial.

Sunil Katial:

Good afternoon to all. The extension of the Jal Jeevan Mission to 2028, coupled with the expected demand from river interlinking projects, irrigation through pipe networks and the replacement and maintenance work, which is coming for the old pipelines and all that underpins our confidence in the long-term growth trajectory of the sector but the pace of recovery may take a quarter or two at the most as it looks.

We anticipate a strong rebound beginning in calendar year 2026. Additionally, I am pleased to share that following our acquisition of the T.I.S valve business in Europe, we are progressing with plans to integrate valves into our product portfolio, overseas as well as in India.

To conclude, while the challenges we face are transitional, the opportunities ahead are transformational with robust demand drivers, government initiatives gaining momentum and our expanded product portfolio, we are confident that Electrosteel Castings is well-positioned to deliver sustainable growth and create long-term value to all our stakeholders. Thank you, and we are looking forward for sharing more details as we proceed.

With this, I would like to hand over the floor to Mr. Ashutosh Agarwal, our Whole-Time Director and CFO, for taking you through the financial highlights.

Ashutosh Agarwal:

Thank you, Katial Ji and Madhav Ji. Good afternoon, and warm welcome to all the investors joining for this call.

Sales volume of DI pipe, fittings and CI pipe during the quarter stood to 1.39 lakh tons, down by 28% year-on-year, which impacted the overall financial performance of the company as intimated by Madhav Ji and Katial Ji. For the half year, sales volume was 3.02 lakh tons, a 25% decline compared to H1 of 2025. Decline in volume was primarily due to slowdown in the domestic market. However, export market volume grew by 8% year-on-year partially offsetting the weakness in domestic demand and providing support to overall business performance.

During the quarter, other income include provision written back to the extent of INR 64 crores following the settlement of Entry Tax matter of West Bengal government, which was a onetime

payment only. This provision has been created in the books during the FY 2013 - 2018 and the following settlement, it was no longer required. The reversal also resulted in a corresponding reversal deferred tax amounting to INR 21 crores. Net debt at a stand-alone level stood INR 1,626 crores. The utilization increased by around INR 230 crores compared to June 2025 mainly due to cash outflow relating to acquisition of valve company and other business requirements. Interest cost more or less remained stable in spite of high utilization, supported by lower borrowing cost.

Now I will take you through consolidated financial results for Q2 FY 2026. The total income stood to INR 1,491 crores lower year-on-year, primarily due to reduced sales volume. EBITDA, including other income stood to INR 188 crores with a EBITDA margin of 12.6%. EBITDA excluding provision of write-back of INR 64 crores as intimated to you earlier in this statement stood to INR 124 crores. PAT was at INR 78 crores, translating to PAT margin of 5.3%.

Now I am highlighting our consolidated performance of H1 FY2025-'26. Total income stood to INR 3,077 crores EBITDA was INR 386 crores with an EBITDA margin of 12.6%. EBITDA excluding write-back stood to INR 322 crores and PAT reported to INR 167 crores.

Moving to stand-alone results of this quarter. Total income stood to INR 1,283 crores lower year-on-year due to reduce in sales volume as intimated by Madhav Ji. EBITDA was INR 174 crores with an EBITDA margin of 13.5%. EBITDA excluding the provision written back of INR 64 crores stood to INR 110 crores. PAT stood to INR 76 crores, translating to PAT margin of 5.9%.

Now I am highlighting our stand-alone performance of H1 FY26. Total income stood to INR 2,709 crores. EBITDA was INR 360 crores with an EBITDA margin of 13.3%. EBITDA excluding provision write-back stood to INR 296 crores. PAT reported to INR 162 crores.

With this, I would like to open the floor for the question and answers, if any. Thank you very much.

Moderator: Thank you. We will now begin with our questions and answers session. Our first question comes from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah: Sir, my first question pertains to, so as we expect that the demand would be revived or rebound in starting calendar year '26. So just wanted to understand on your part, sir, what makes us so confident enough that the demand will rebound because like in last 12 to 15 months, the JJM has been slowed down, and we are witnessing challenge in terms of fund flow. So just wanted to understand your view.

Madhav Kejriwal: Sir, there is definitely work pending to be done, which is evidenced from the fact that there is adequate order book in the market. It is about whether that order book materializes to material getting dispatched. Now the level of activity that is taking place, if you see even in the news,

it's highlighted that the central government is working towards getting clarities on certain issues that have been shown that has been reported to them and they are doing this because they have a clear intention that they need to clarify these issues and continue with the project and implement whatever is remaining to be implemented. So this Jal Jeevan Mission is definitely something that is there at the center of the government's attention, and they want to move on with it and tick mark the complete box. So, for that to take place, they will have to allow the projects to finish, and that will require funding, and they are quite keen on that once they get clarity on certain issues that have been highlighted and reported to them through the local authorities and by the society and population in general.

Pujan Shah:

Got it. So just wanted to understand the second thing is, so we have seen some key challenges also by the government and there was a key notification also mentioned by the government that there are some work has not been done as per the guided time lines. So, is that outcome has been considerable from by the government or it is still under purview by the government?

Madhav Kejriwal:

Sir, there are multiple issues that have been highlighted to the government, one of which is non-timely completion of projects. So, in certain cases, that is a fact. Now some of the delays have happened due to funding constraints. Some delays have happened due to operations. Some delays have taken place due to administrative problems. So, it's kind of a mixed bag of a lot of things and the problem is that water being a state subject, the administration is very much distributed and diluted at the ground level. So, to accumulate and come to a conclusion for something like that takes time. And that is why they are taking a little longer than what it should to come to conclusions for the underperformance. Once that clarity is there, I'm very certain that things will restart. So, the long and short story is that they will take a little bit of time to come to conclusions of why certain delays or certain incorrect laying and other such problems have happened. But most definitely, corrective action and further implementation of the program will happen. If that was not in the interest of the center, then they would have probably not extended it with an enhanced budget. And they wouldn't be following up so aggressively to draw conclusions. It is because they can restart the process.

Pujan Shah:

Got it, sir. My last question would be, so the government is representing that they have done a work of around 81% around of what they have been planned to commit it. So just wanted to understand on the ground reality, how much percentage of work has already been laid off or how much percentage of work has been done considered to what they have been stating out?

Madhav Kejriwal:

Sir, functioning household TAP connection would be close to between 50% - 60%.

Pujan Shah:

So still 40% of work needs to be done, than what is stated.

Madhav Kejriwal:

I would say from the supply of pipe perspective, around 40% and from the work on ground perspective, probably 50% -55%.

Moderator: Thank you. Our next question comes from the line of Sailesh Raja from B&K Securities. Please go ahead.

Sailesh Raja: Sir, there was an article in the Indian Express today mentioning that the central government, as you rightly pointed out that they have been taking actions against several officials and contractors across multiple states and union territories also following the complaints that they have received regarding the financial irregularities and the poor quality of work under the JJM.

So, some states still they have not shared complete details with the central government. So do you think that once this review process is fully completed, then the government will resume, or they will accelerate fund deployment under this JJM program. You are confidently saying that from the beginning of the calendar year, the government will deploy the fund. So can you give clarity on this? What gives you the strong feel that it will start?

Madhav Kejriwal: Sir, based on the progress they have made so far and the further inquiries that they have shared with the states, that makes me feel that starting calendar year, they would have reached their conclusions and they will start opening up the funds. And as and when they do that, there's always a delay of 2, 3 months for it to show in your books, in your performance because there is the buildup of stocks and everything that's associated with it, like how when there's a slowdown, it took a quarter to take effect. So based on those movements that I see, I am fairly confident that starting next calendar year, things will start moving. Right now, there's a deadlock because of dissipation of information and scrutiny. Once that scrutiny comes to a conclusion, based on the conclusions of the scrutiny, maybe some states will start much faster. Some states will require further scrutiny. But definitely, it will start.

Sailesh Raja: Okay. Okay. Sir, can you give volume guidance in this year? And also if demand comes back, can we expect double-digit, in terms of kg I am asking. So in this quarter, it is around INR 6- 6.5 per Kg. Can we expect this is bottom? Or do you see further correction in next 2 quarters? And next year, with expected improvement in the demand, can we expect double-digit EBITDA per kg next year because there is an increased supply in the market. If you can please give clarity on this?

Madhav Kejriwal: Sir, starting next year, I think starting quarter 2 next year, we can start seeing a dramatic improvement in the production levels and also in the margins per ton. So definitely, I think a double-digit margin per ton is very much achievable starting Q2 next year. Q1, things will start moving. Q2, there will be a pickup.

Sailesh Raja: This is financial year, you are talking?

Madhav Kejriwal: Yes, sir. First quarter 4 this FY and then quarter 1, quarter 2 of next FY you will see an incremental improvement as per our assessment.

Sailesh Raja: Okay. So what is the total volume you are expecting this year?

Sunil Katial: This year, possibly, it could be 550,000 around that.

Sailesh Raja: Okay. Okay. Sir, what about the next year, sir? How much you are expecting with whatever that you are saying that it will come back? So in that case, what could be the number for the next year?

Sunil Katial: Next year, as of now, we are thinking that we should get to possibly between INR 8-8.5 lakhs MT, in that range.

Sailesh Raja: Okay. Great, sir. Sir, what is the CAPEX plan we have, sir, this year and next year?

Sunil Katial: For this year, predominantly, we are focusing on sustenance CAPEX like at Srialahasthi, we are rebuilding one of our battery. And apart from that, the major focus is definitely on, I mean, sustenance-based Capex. Figure, it may be difficult for me, but possibly around INR 300 crores or so, everything put together.

Madhav Kejriwal: This would include minor debottlenecking capital expenditures as well. So a mix of maintenance and debottlenecking. There is no major CAPEX per se that is planned for this financial year or the next.

Moderator: Thank you. Our next question comes from the line of Rudraksh Raheja from Ithought Financial Consulting. Please go ahead.

Rudraksh Raheja: Sir, could you throw more light on the gross margin expansion in H1 FY '26? We have seen some revenue contraction, but gross margins have expanded.

Gaurav Somani: Yes. So gross margins was around 48% for the first half. It has been more in line with what it was last year because the prices of the products have come down, but also at the same time, raw material prices have also come down. And hence, gross margins have been intact. Revenue has come down, yes, because what we said, as we mentioned, the volumes were lower. So revenue got impacted during the first half.

Rudraksh Raheja: Got it, sir. And sir, the other income component is higher in H1 of FY '26. Could you provide more details on that?

Ashutosh Agarwal: Other income increase is just because of reversal of our previous liability, which I have said in my opening remarks on account of this Entry Tax matter. Entry tax matter got resolved, and there was a case going on with the government of West Bengal, INR 64 crores amount has been reversed. That is why the other income has increased in the P&L.

Rudraksh Raheja: Got it, sir. The employee expenses, I am assuming that since we have added some capacities since last year, so employee expenses have increased in line with that. So going forward, do we see this INR 150 - 160 crores as the quarterly rate? Or do we expect more increase in employee expenses?

Madhav Kejriwal: There might be a marginal increase in the employee expenses as we expand our business in the valves product portfolio. In fact, this increment is largely related to that portion. So there will be a marginal increase, but it will not be substantial enough really. It might be that it goes to INR 165 crores or something like that.

Rudraksh Raheja: Understood, sir. I think I may have missed on the volumes part. You said you were expecting around INR 5.5 lakh tons in FY '26.

Madhav Kejriwal: Between INR 5.5- 6 lakh, somewhere between that.

Rudraksh Raheja: Yes. And how much have we done in the first half?

Madhav Kejriwal: 2.7 lakh tons

Rudraksh Raheja: Okay. Understood, sir. And sir, do we have like a sustainable maintenance CAPEX that we have to incur every year? Let's say, we are not expanding in any year, but still we have to incur some maintenance CAPEX. Do we have a number for that?

Sunil Katial: No. In fact, we have a broad plan for next 3-4 years. We have planned that possibly it could be around, say, INR 500 crores for next 4 years.

Rudraksh Raheja: And any kind of capacity addition would be over and above this INR 500 crores?

Rudraksh Raheja: Yes, please. This is, as already clarified, it is predominantly for sustenance and some component of that is for debottlenecking only.

Moderator: Thank you. Our next question comes from the line of Deepesh Agarwal from ICICI Prudential AMC. Please go ahead.

Deepesh Agarwal: I can see there is a dramatic increase in your overall cash and bank balances on a consolidated basis, we have gone up by more than INR 400 crores. So, is this on the back of the subsidiaries or anything else?

Gaurav Somani: So, there were some fixed deposits, which as per Ind AS, beyond 12 months were clubbed in other Non-current assets, which are now supposed to get matured and hence, has been transferred to Current assets. So, it was always there in the books.

Deepesh Agarwal: All right. Where is our current capacity standing? I think we had plans to scale up to 1 million tons by the end of this year. So where are we standing? And are there any plans to incur any more capacity addition?

Madhav Kejriwal: So, we were looking at the capacity expansion of 950,000 to 1 million tons. At the moment, our installed capacity remains at 850,000 tons, and we are hoping to get to 90%, 95% of that figure next financial year. Due to the slowdown in the domestic market, this financial year, we have had to moderate our tonnages. As mentioned, we will be getting somewhere between 5.5 lakh - 6 lakh tons. As for the CAPEX for the expansion from 850,000 - 950,000 tons, at the moment, we have kept it on hold till there is a cleanup of inventory and pickup of capacity to 850,000 tons. And after that, we shall take a decision.

Deepesh Agarwal: Right. Just a couple more questions. During previous calls also, I think you have highlighted that in order to reduce the dependency on JJM and expand more revenue streams, there were certain other investments being done in terms of gaskets, in terms of the acquisitions and even the subsidiary we had and even acquisition we made in Vietnam. So any update on or any progress that has been made in all of these areas?

Madhav Kejriwal: So acquisition in Singapore, I think you mean?

Deepesh Agarwal: I mean the Singardo . Yes, at Singapore, yes.

Madhav Kejriwal: Yes. So sir, Singardo , we have seen positive results for the quarter and half yearly. There is a slow increase in the other product portfolio within Singardo, where we are seeing that almost 40%- 45% of its revenue is coming from other items that we are buying and selling over there for the water and gas companies.

As for T.I.S, it has only been merged. It has been 2 months. We are very much deep into the integration process. And I think by the end of this FY, we will be pretty much in tune with them. And there are aggressive expansion plans that have been put in place for that. Of course, once they are concrete, we will be able to share them exactly with you. But definitely, these 2 factors are going to play especially the valve is going to play a big role in diversifying our portfolio, both geographic and customer base.

Moderator: Thank you. The next question comes from the line of Rajesh Agarwal from Moneyore. Please go ahead.

Rajesh Agarwal: Sir, out of the pending order of 6 - 7 months, how much is government order of Jal Jeevan and private orders? Can you quantify that?

Madhav Kejriwal: A round 60% would be JJM. If you include domestic, it will be around 50% - 55%. And the rest is non-JJM and export.

Rajesh Agarwal: Okay. So we will continue to getting how is the traction in non-JJM orders that is good for this balance 40%?

Madhav Kejriwal: So that is -- even Amrut at the moment is a little slow, slower than the pace that it had at the beginning, but it's not poor in the sense that it's not on hold like it is with JJM. But irrigation has picked up quite well. And at the moment, the entire industry is largely operating on irrigation and a fair bit of Amrut.

Rajesh Agarwal: Is the traction in irrigation orders?

Madhav Kejriwal: Good, decent traction in irrigation, please.

Rajesh Agarwal: Okay. And sir, my next question is that Indus Water, whatever is the government is moving very fast that project DPR reports and everything has been called. So can that be a big opportunity for us?

Madhav Kejriwal: I'm sorry, you weren't very clear which water?

Rajesh Agarwal: Indus Water treaty, which was scrapped. I think government is moving fast, they are called for a DPR and all. In fact, the next 6 months, they will be started allocating orders. So whether that is a good opportunity for sir, big opportunity for us?

Madhav Kejriwal: Sir, it will be a good opportunity, no doubt. I mean, the River Link project as a whole, this will be a similar nature project as the River Link. It will be a diversion of huge volumes of water. So this, along with the River Link seems like a good opportunity. Of course, the initial movement or divergence of the route is done through canal. But then all the distributaries of that, which go into irrigation and drinking water will use piped. So with a slight delay, there will be good opportunity coming up from that.

Rajesh Agarwal: And the government was saying the Naxalite areas which have been cleared, that also is a good area of opportunity for irrigation if the work starts there?

Madhav Kejriwal: That actually is something that is going to probably fructify even before the River link.

Rajesh Agarwal: River Linking, Okay. Sir, our payments also got stuck with the EPC contractors?

Madhav Kejriwal: A little bit, sir. There is a slight increase, although we have been very disciplined about it. So, it's not shot up too much. But there have been delays through the EPC contractors. A couple of major delays had happened with the government departments, but that is slowly clearing up now.

Rajesh Agarwal: Sir, what I heard from the other players, there are a lot of orders pending in the system, old orders, not the new. The payment for that has not been released. So people are going slow on that order.

Madhav Kejriwal: So, as I was mentioning earlier in this call, there is no dearth of order. It's the dearth of dispatchability of that order because of the stoppage of the fund.

Rajesh Agarwal: So, any particular reason for stoppage of funds because this year also government has spent only 4% of the allocated in the budget. Sir, any particular reason?

Madhav Kejriwal: They want to try and understand why there are certain delays and why there are certain complaints and reports that have gone to them, which are negative in nature. And only it is like a check-back mechanism, sir. So, they are trying to course correct before it gets too late. So there is a temporary slowdown or temporary shutdown for that reason.

Rajesh Agarwal: And sir, one question, whether a lot of hydroelectricity projects will come in Brahmaputra and whether that also are opportunities for us?

Madhav Kejriwal: I am sorry, sir, many what projects?

Rajesh Agarwal: A lot of hydroelectricity projects will be also coming in.

Madhav Kejriwal: Sir that will give a slight push to our pipe business, but it will give a very good push to our valve business.

Rajesh Agarwal: And sir, now there are 2 bookkeeping questions. Whether this quarter, the acquisition which we have done, it includes the revenue for that acquisition, i.e the Italian acquisition?

Ashutosh Agarwal: 2 months revenue.

Rajesh Agarwal: That is how much, sir?

Ashutosh Agarwal: That is INR 55 crores.

Rajesh Agarwal: Okay. And that EBITDA level, we are breaking even, we-are making money?

Ashutosh Agarwal: Yes, it is more than breakeven.

Rajesh Agarwal: More than breakeven. So that business has the opportunity to scale up?

Ashutosh Agarwal: Definitely, yes.

Rajesh Agarwal: Okay. And sir, last question, when you said INR 60 crores was the other income extra for the entry tax, and you said below what is the net effect? I want to understand the net effect on other income.

Ashutosh Agarwal: Basically, INR 64 crores is on account of our entry tax there was some income on account of FD interest. On the fund we got from the railway department, we got the income on the FD. And some INR 6 crores refund we got from the department that is also included there.

Rajesh Agarwal: Okay. So, the net effect is how much? That is what I wanted.

Ashutosh Agarwal: Net effect is around INR 65 crores.

Rajesh Agarwal: INR 65 crores is extra other income.

Ashutosh Agarwal: No, the interest on FD is not extra other income. It is a regular income since last 2 years.

Moderator: Thank you. Our next question comes from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Sir, on the receivable front, are we also facing any issue or those payments are in line with the deliveries that have been done as on date?

Madhav Kejriwal: Sir, there is no issue in regard to the realization of the receivables. There are certain delays that are there, but they're all backed financially by BGs, LCs, etc. Our clean credit exposure is less than 1%, so that is practically nothing.

Saket Kapoor: And what should be that amount, sir, where we have this underlying BG and all, how much should be the receivable?

Ashutosh Agarwal: Almost 100%.

Madhav Kejriwal: So 99-point-something percent of our receivable today is against BG or LCs.

Saket Kapoor: Okay. Sir, any update on the coal compensation part, I think so lastly, there was one asset that was valued. And so any follow-up on the same? What's the currently the road map for the same?

Madhav Kejriwal: Sir, there are some clarities that have been requested for by the allottee JSW. So, we have submitted our answers against all those clarities. And we are hopeful that within this financial year, we will get some at least on the asset which has been valued, at least we should see further work.

Saket Kapoor: And pending revaluation and how are things progressing there?

Madhav Kejriwal: So that will happen one after the other. They have cleared a very big chunk. Out of our INR 1,200 crores, I think we had received around INR 80 crores something earlier, and this is around INR 500 crores. So, half of it has been cleared up. Now once this is cleared, then they will start working on the other aspects and then we will see where we get to.

Saket Kapoor: Okay. Sir, in the cash flow, we have made a payment of INR 120 crs for business acquisition. So this is pertaining to this valve company only that we have paid?

Madhav Kejriwal: Yes, please.

Saket Kapoor: Okay. And when will we start seeing the revenue and how have we outlined the business that we are envisaging going ahead for the remaining part of the year?

Madhav Kejriwal: So, sir, since it is only been 2 months since we merged, and it's a same industry but very different products. So, this particular year, we will probably see a similar performance as it had last financial year, which is approximately EUR 37-38 million revenue with profit margins of around 8% to 10%. I am talking about profit margin, not EBITDA, EBITDA is around 15%, 16%. And then starting next year, once the integration process is done, we should see good jumps. What those jumps will be, sir, I will only be able to tell you maybe in the next financial year itself, maybe quarter 4.

Saket Kapoor: Sir, total cost of acquisition is INR 120 only, we have paid the entire money.

Ashutosh Agarwal: Yes.

Moderator: Thank you. Our next question comes from the line of Rajesh Bhandari from NAKODA Engineers. Please go ahead.

Rajesh Bhandari: One of the question, you had said that this year, it will be 5.5 lakh tons per annum. And next year, it will go to around 8.5 lakh tons. What makes you so confident, sir, that it will go to 8.5 lakh tons?

Madhav Kejriwal: Sir, next year, the demand situation, the current stop that has happened to the funding will open up. And we are prepared to ramp up production from the capacity perspective. So, both these scenarios put together simply would lead to us feeling that we will be able to do it/

Rajesh Bhandari: We'll be able to even supply and realize the money, 8.5 lakh tons.

Madhav Kejriwal: I mean, sir, there is a quarter's delay usually that is there

Rajesh Bhandari: Yes, realization, yes, I know quarter delay. Sir, valves revenue you have per year, what is the revenue expected?

Madhav Kejriwal: Sir, last year, the company did a revenue of around EUR 36 million, EUR 37 million, which is around INR 350 crores. This year, it will be- we might see a 10% growth on that. Starting next year, from our current estimates, there should be decent growth. To give you an exact number, sir, it will be incorrect at the moment because we've only started integrating. So if you allow us a little more time, we'll be able to give you more concrete numbers as per our plans for valves.

Rajesh Bhandari: INR 350 crores sir what you are saying, that is for India as well as outside?

Madhav Kejriwal: Sir, INR 350 crores is largely outside. The company's presence in India is negligible at this point.

Rajesh Bhandari: By when can we expect them to become active in India as well?

Madhav Kejriwal: Sir, next year, manufacturing setup and all the approvals and everything is already in process. And from next financial year, we will start selling in India, Middle East and a little bit in Southeast Asia as well. So these are the 3 main markets, which we will open up for the T.I.S valve business. At the moment, they largely operate within Europe.

Rajesh Bhandari: Next 5- 7 years, what is the future prospects, sir?

Madhav Kejriwal: For this product?

Rajesh Bhandari: No, not for this product only, this product as well as our DI pipes.

Madhav Kejriwal: Sir, we are fairly certain that going forward, growth in valves, our focus towards improving efficiencies and operating at full capacity. The package that we will offer to our customers having valves, fittings and pipes, there is definitely a USP in that.

Rajesh Bhandari: Yes, you will have an edge over others, no doubt about it.

Madhav Kejriwal: And we are already starting to see sentimentally at least that play a little bit in Europe. We participated in multiple water expos and exhibitions. And the feedback from the customers are very, very positive. They already have a good impression of Electrosteel and seeing that we will be able to cater to their need for valves, which is a very critical aspect, albeit in terms of value terms, it is small, but in terms of criticality, it is very high.

Rajesh Bhandari: Yes, yes. Correct, sir.

Madhav Kejriwal: So all products coming from the same supplier gives them a lot of confidence, and we are confident that we can use this to gain an edge over our competition.

Rajesh Bhandari: Yes, that is surely going to happen because not any party in India at least has DI pipe and also valves.

Madhav Kejriwal: Right, sir.

Rajesh Bhandari: Sir, when can we expect to achieve that INR 150 crore quarterly profit?

Madhav Kejriwal: Sorry, sir INR 150 crore?

Rajesh Bhandari: Our net profit, which was normally around INR 150 crore per quarter, has now dropped significantly. When will we be able to get back to that level, sir?

Madhav Kejriwal: Sir, I think Q2 next FY, we should start seeing numbers close to that.

Rajesh Bhandari: Okay. You mean to say around Q2 FY '27?

Madhav Kejriwal: Yes.

Rajesh Bhandari: There is one last question.

Madhav Kejriwal: You will see pickup from Q1 FY27.

Rajesh Bhandari: I know, I know. Yes, yes. Sir, Blackrock Still they are the shareholders?

Rajesh Bhandari: Okay. With the same level?

Ashutosh Agarwal: Almost same level.

Moderator: Thank you. Our next question comes from the line of Vipul Kumar Shah from Sumangal Investments. Please go ahead.

Vipul Kumar Shah: So my question pertains to this coal block compensation. So there is a figure of INR 498 crores mentioned, which has been approved. So when is it likely to flow? And is this the final verdict? Or are we going to appeal this?

Madhav Kejriwal: This is the valuation for one particular asset, which had not been valued so far. It is close to our estimate as well. This probably it would be incorrect for me to give any sort of deduction on when we can realize it, but there is active persuasion from the side of the new allottee and also the ministry. So hopefully, within this financial year, sorry, we should see this work out.

Vipul Kumar Shah: But if this is not challenged in the higher court, then naturally, that money should accrue in reasonable time. Is that understanding correct, sir?

Madhav Kejriwal: Yes, please.

Vipul Kumar Shah: So, you said this is valuation of one asset. So how many more assets are remaining to be valued, sir?

Madhav Kejriwal: So, there are two more big assets and then a plethora of smaller assets.

Vipul Kumar Shah: So, 2 more are likely to be valued or total two are there and one is valued?

Madhav Kejriwal: Two more are to be valued.

Vipul Kumar Shah: Okay. And sir, my last question is regards, your capacity on your presentation, Slide 5, it is mentioned that your capacity is 10,11,000 tons and whereas somewhere in the call, you mentioned that our capacity is 850,000 tons. So, what I'm missing?

Madhav Kejriwal: That is an accumulation of all our products. This is the DI pipes, then we have another 50,000 tons of CI pipes, then we have 25,000 tons of DI fittings.

Vipul Kumar Shah: Okay. 8,50,000 tons is only for DI, right?

Madhav Kejriwal: 8,50,000 tons is only for DI, sir.

Vipul Kumar Shah: So right now, if we split our revenue between different products, what should be the percentages, sir, roughly?

Gaurav Somani: DI pipe would be the highest chunk, which will be around 75%-80%

Vipul Kumar Shah: 85%?

Gaurav Somani: 75% - 80% will be DI pipes.

Vipul Kumar Shah: Okay.

Gaurav Somani: And DI fittings would be around 5% DI pipe, CI pipes also 5%, so these are the main items.

Moderator: Thank you. Our next follow-up question comes from the line of Rudraksh Raheja from Ithought Financial Consulting. Please go ahead.

Rudraksh Raheja: Sir, you mentioned that government is like course correcting because of a lot of complaints and everything. Is there any pattern like are these complaints pertaining to a specific product segment or some region is affected or some kind of players or products are affected, like just to get a sense on what kind of problem we are looking at?

Madhav Kejriwal: There is no pattern per se. There are 3 main, I would say, topics of issues. One is the incorrect physical implementation of the pipelines, financial mismanagement and quality of water problems. So, these are largely what you see as the topics of discussion. There is no specific product or specific contractor or specific state department issue per se. I mean, there are talks about UP having certain irregularities. But across the board, you're seeing that actually.

Rudraksh Raheja: Got it, sir. Sir, you mentioned something about that. We are holding off currently on the 1 lakh ton expansion in the DI pipes. As and when we decide that we are going for it, how much time would it take to install that capacity?

Madhav Kejriwal: I think it will take around 6 to 8 months for the capacity to get added another 3 months, you can say, 1 year or so.

Rudraksh Raheja: And the amount of CAPEX that would be required for this?

Madhav Kejriwal: Around INR 60 crores.

Rudraksh Raheja: Understood, sir. A broad idea on our international business, like we have acquired this plant in Italy. Like do we have a number in our mind that we want to achieve. I'm not talking about next year, let's say, in 3 to 5 years, some kind of target with respect to our international revenues that we have, the share of international revenues in our broader revenue mix, something along those lines that we are thinking.

Madhav Kejriwal: I think, sir, I will be equipped to answer that question to you by the end of this financial year when we are doubly, triply certain about the potential of the market. Today, any number I will give you will be based on an educated guess and without backup of a floor plan. So, it won't be correct for me to share that with you.

Rudraksh Raheja: Got it, sir. Fair enough. And when we say that acquiring this valves manufacturing plant, we can integrate that what we are supplying in India like with DI pipes, we can add valves and all of that. Does that mean that valves would be manufactured in Italy and we'll take that from that plant and then sell in India? Or will we install a new plant in India for manufacturing that?

Madhav Kejriwal: We are going to install a new plant in India as well. That plant will continue to cater largely to that geography itself. Some of the products that they make are very high-value, low-volume products and very specialized so that today in India is imported entirely. So, for that product, we continue to purchase from Italy and sell in India. But apart from that, the other day-to-day products that they are making, we will start manufacturing in India. In fact, we would like to manufacture in India and export them.

Rudraksh Raheja: Got it, sir. And just the last question, if I can squeeze in. You said that last year, this Italian business did around INR 350 crores of revenues. What was the utilization of the plant at those levels?

Madhav Kejriwal: Sir, I would say around, 70% -75%.

Moderator: Thank you. Our next question comes from the line of Hari Kumar S, an investor. Please go ahead.

Hari Kumar S: Only 1 question. Regarding the international market, is there a total lack of demand or you are very highly competitive because we are not getting more orders which we are getting earlier?

Madhav Kejriwal: Sorry, sir, your question was not very clear. Regarding the international market.

Hari Kumar S: Is there a total lack of demand or there is more competitive intensity because we are not getting more export orders, which we are getting earlier?

Madhav Kejriwal: You mean our interest in the international market?

Hari Kumar S: Yes, sir. Regarding the DI pipes.

Madhav Kejriwal: We have always been a company which has hedged its business geographically across the board. Historically, also, Electrosteel has exported more than what the rest of the industry as a whole exports and it remains so. A slowdown in the domestic market has allowed us to get a little more aggressive and soften the blow of the slowdown over here, I would say. So that's what it is.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I now hand the conference over to the management from Electrosteel Castings Limited for closing comments.

Madhav Kejriwal: Thank you, everyone, for joining us today and your continued trust in our company. We remain committed to driving sustainable growth, strengthening our balance sheet and creating long-term value for all our shareholders. We appreciate your support and look forward to updating you on our progress in the coming quarters. Good day.

Sunil Katial: Thank you, everybody.

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