Operator: Ladies and gentlemen, good day and welcome to Nelcast Ltd. Q2 and H1 FY27 earnings conference call. As a reminder, all participant lines will be in 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Bhatt from EY. Thank you, and over to you, sir.

Operator: Thank you. Good morning, everyone, and thank you for joining us. On behalf of Nelcast Ltd., I extend a warm welcome to all participants on the Q2 and H1 FY27 earnings conference call. The results and investor presentation have already been shared and are available on our website as well as through our filings on the stock exchanges. Joining us today to discuss the company's performance and outlook are Mr. P. Deepak, Managing Director and Chief Executive Officer, and Mr. S.K. Sivakumar, Chief Financial Officer.

Before we begin, I would like to draw your attention to the standard disclaimer. Please note that any statements made during this call, including those in our presentation materials, that reflect our outlook for the future or may be construed as forward-looking statements should be considered in conjunction with the risks the company faces. These statements may not be updated from time to time. Further details are available at the end of the investor presentation and in our other filings on our website at www.nelcast.com.

Should you have any queries or require additional information following this call, please feel free to reach out using the contact details provided in the investor materials. With that, I would now like to hand over the call to Mr. P. Deepak. Over to you, sir.

P. Deepak – Managing Director & Chief Executive Officer: Thank you, Abhishek. Good morning, everyone, and thank you for joining us today. To begin with Q2 FY27, it has been a very strong quarter for Nelcast Ltd. We achieved our highest-ever quarterly revenue and profitability, with significant improvement in volumes and operating performance. More importantly, some of the operational challenges that we faced in Q1 have now been resolved, and operations have largely normalized.

If you look at what drove the performance during the quarter, there were a few things: volumes were strong, realizations improved, and we also saw normalization of operations following the issues we faced in Q1.

Tractor demand was particularly healthy during the first half and supported our domestic volumes. Going into the second half, we do expect the tractor industry to moderate from the levels seen in H1. At the same time, what we are seeing in the commercial vehicle segment is very good. M&HCV demand remains strong, and based on the schedules and forecasts that we see today, we believe that the strength in commercial vehicles should more than offset the moderation in tractors.

Coming to exports, this was another strong area for us during the quarter. Export revenue grew 78.3% year-over-year to 140.9 crore in Q2, and for H1, exports stood at 254 crores, growing about 31%. The indications we are receiving from customers continue to remain positive. Current volumes look healthy, so overall we continue to remain positive on exports.

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The other important development is on our new products. We have been speaking about these programs over the last several quarters, first during development and customer validation and subsequently about their expected ramp-up. We have now moved into production and started the ramp-up. A number of these products were in the early stages of this ramp-up during Q2, and we have seen some initial contribution, but we expect this to become more progressive and more meaningful in the coming quarters.

We have also taken an important step in terms of value addition through machining. We are investing in machining capability to meet our customer requirements. This is an important program for Nelcast Ltd. and expands the value addition that we can offer to our customers.

Looking ahead, we remain positive about the second half of FY27. Based on our current visibility, we expect FY27 H2 to be better because of M&HCV demand as it strengthens further and the new products begin making a more meaningful contribution. But overall, we are at an encouraging point for the company. Our existing business is performing well, exports remain strong, and the new products that we have spoken about for several quarters are now moving into production, and we are taking the next step in value addition through machining.

We believe these developments will provide us with a strong platform for growth as we move through the second half of FY27 and into FY28.

For the quarter, total revenue stood at 409.6 crores, growing 35.2% year-on-year. EBITDA increased by 70.4% to 36.4 crore, while EBITDA per kg improved to 14.3 rupees per kg compared to 10.3 in Q2 of last year. PAT stood at 16.2 crores, growing 240% year-on-year. For the first half, revenue was at 755 crores, an increase of 18%, while PAT grew 23.6% to 21.3 crores.

With that, I would like to conclude my remarks and open the floor for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Praneeth from SJ Investments. Please proceed.

Operator: Mr. Praneeth, are you there?

Praneeth – SJ Investments: Hello, am I audible now?

Operator: Yes.

Praneeth – SJ Investments: Thank you for the opportunity. I wanted to understand the strategic shift toward investing in machining. I think we have always been open about the fact that we wanted to be a castings player and that machining would always have partners and vendors. What changed during this quarter or this year that led us to shift our approach toward investing in machining? You also mentioned, I think, that the return on capital is somewhat lower compared to a castings unit. Could you explain both aspects of why you are investing in machining?

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P. Deepak – Managing Director & Chief Executive Officer: The decision to invest in machining was actually driven by customer requirements. There were certain challenges in meeting customer requirements through outsourcing for some particular programs. That is part of the reason why we have chosen to enter into machining.

Praneeth – SJ Investments: Got it, sir. How much machining capacity will this 75 crores provide?

P. Deepak – Managing Director & Chief Executive Officer: In what way do you mean by that?

Praneeth – SJ Investments: In terms of tonnage.

P. Deepak – Managing Director & Chief Executive Officer: In terms of tonnage, we cannot define it. There is a specific volume that we are looking at, but I think we have not necessarily defined it in tonnage yet.

Praneeth – SJ Investments: Got it, sir. In terms of the ROCE aspect, is the customer compensating us for our initial investment, or how is it working? Or is it simply that the commercials work a little better?

P. Deepak – Managing Director & Chief Executive Officer: We are working on the products that we intend to machine there. We do believe we will have a good ROCE on this business when we look at it as a whole. We have done the necessary evaluation. We believe we should be in excess of 15% to 18% once the business is ramped up.

Management: Our margins improve slightly because of value addition.

Praneeth – SJ Investments: Got it. So, going forward, we expect this to contribute to a further increase in EBITDA on an overall basis. That is the plan. When will this program be fully deployed?

P. Deepak – Managing Director & Chief Executive Officer: We are looking at being fully deployed by H2 of the next financial year. At that point, I think we should be largely ramped up, perhaps not fully ramped up, but we believe that by H2 of next year we should be more or less ramped up on this investment.

Praneeth – SJ Investments: Is this machining investment for new products? It is not for the existing products that we are already producing?

P. Deepak – Managing Director & Chief Executive Officer: Absolutely correct.

Praneeth – SJ Investments: Got it, sir. Have you been seeing a trend in which many people or players in your industry are talking about wanting a full-service product? I understand that we have already been doing this by partnering with a promising partner and supplying directly, but do you also intend to follow the same trend of continuing to increase machining, since we have the capacity in any case?

P. Deepak – Managing Director & Chief Executive Officer: I think it will largely depend on the situation as it stands. In this particular case, for these customer requirements related to this new business, we believed this was the best solution, which is why we chose this route. We will evaluate that every time going forward.

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Praneeth – SJ Investments: Got it. What is the likely payback period for this specific machining program?

P. Deepak – Managing Director & Chief Executive Officer: It will depend on a variety of factors, so I do not want to comment specifically on it. However, I would say that typically, when we look at an investment like this, we would look at a payback period of about 5 to 6 years.

Praneeth – SJ Investments: Got it, sir. In terms of our annual volumes, in the previous quarter we mentioned that we were on track to ramp up to 15% on a tonnage basis. Are we on track for that by the end of the year, or are we going to surpass it? Our first half has been somewhat better than we expected.

P. Deepak – Managing Director & Chief Executive Officer: Honestly, the first quarter was a little weak. The second half was better. In the previous call as well, we had talked about surpassing approximately 1 lakh tons for the year. We believe we are still on target for that, and that is something we should achieve this year.

Praneeth – SJ Investments: Got it, sir. Do you have any idea where we will end up by the end of the year in terms of EBITDA per kg? 15 was the benchmark that we wanted to reach. Will we reach that on average, or will it still be somewhat lower than the target?

P. Deepak – Managing Director & Chief Executive Officer: 15 is still what we are targeting, but there is significant uncertainty in terms of commodity prices, and that could play a little bit of a spoilsport. Those are things that are outside of our control, along with commodity prices and freight costs. Other than that, in a stable-state situation, that is the direction in which we are headed. However, it is a little difficult to comment more specifically because of the volatility we have seen recently in commodity and sea freight costs.

Praneeth – SJ Investments: Also, are we facing any issues in terms of passing on [cut off]

Operator: Sorry to interrupt you, Mr. Praneeth, but can you please rejoin the queue?

Praneeth – SJ Investments: This is just a last question. Sir, I wanted to understand, in terms of [cut off]

Operator: Please rejoin the queue.

Praneeth – SJ Investments: Yes, sure.

Operator: Thank you. The next question is from the line of Yogesh Patil from Pami Investments. Please proceed.

Yogesh Patil – Pami Investments: Thank you very much, and good morning, sir. In the last 4 or 5 years, everyone has been talking about export casting, China plus one, and Europe plus one. Do you think the time has come for all Indian companies, including you, to scale up capacities because demand for castings in various areas, such as automotive, defense, or other areas, has reached a point where we can actually see an inflection point? Or is that perhaps still 1 more year away? I just want a comment from your side.

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P. Deepak – Managing Director & Chief Executive Officer: In terms of exports of castings from India, we have certainly been a leader in that particular segment. If you go back approximately 11 or 12 years, our entire export business was about 2.7 crores. Right now, we are talking about exports of more than 250 crores for the half year, and this number will continue to grow going forward. In the next couple of years, we do expect a significant amount of growth to happen.

Some of it is driven by China plus one, some of it is driven by the loss of competitiveness and closure of foundry capacities in the US, and now we are seeing that starting to happen in Europe as well. The growth prospects in the global market are therefore extremely strong. That trend may have been small a decade ago, but it is something that we have capitalized on. We are in a position to capture this growth going forward as well.

Yogesh Patil – Pami Investments: I am not asking about 1 or 2 quarters. I am asking whether, on a year-on-year basis, export growth from here could be higher compared to domestic growth.

P. Deepak – Managing Director & Chief Executive Officer: Yes, I think export growth will be higher than domestic growth. That is what we see as well.

Yogesh Patil – Pami Investments: Does that mean EBITDA per kg will move slightly upward from here? Or do you see a cap at 15 or 16? Do you still see sufficient headroom to go beyond 16 rupees per kg?

P. Deepak – Managing Director & Chief Executive Officer: In the short to medium term, we are looking at approximately 15, but going forward, we do see the possibility of reaching 18. We have not defined a timeline for that yet, but that is something we definitely see within, let us say, a 3-year timeframe or something in that range.

Yogesh Patil – Pami Investments: Is the 18 rupees per kg including machining or without machining? Is it the total?

P. Deepak – Managing Director & Chief Executive Officer: Total. However, if we are doing our own machining, then obviously, to recover that investment and earn a return on that investment, we would need something higher. But this is primarily what we are looking at in terms of what we are doing.

Yogesh Patil – Pami Investments: Okay, thank you very much, sir, and all the best.

P. Deepak – Managing Director & Chief Executive Officer: Thank you.

Operator: Thank you. The next question is from the line of Dheeraj Kumar Reddy from Alpha Square. Please go ahead.

Dheeraj Kumar Reddy – Alpha Square: Hi, sir. Thanks for the opportunity. I happened to see one of your interviews where you said that we are probably in a phase in which the castings industry will see startup-like growth. I also noticed a certain bullishness in your tone and in the way you are executing. How do you see the next 5 to 7 years in terms of the broad range of volume growth, the new opportunities evolving in this space, and why there is such significant excitement? Could you perhaps give us 3 or 4 detailed points on why you see that?

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P. Deepak – Managing Director & Chief Executive Officer: When you look at the West, whether that is North America or Europe, there is a fairly severe challenge in terms of labor and skilled labor. When you look at foundries in both these geographies, they have not added any significant capacity in the last 30-odd years. In fact, in many cases, they have been consolidating capacity.

What that has meant is that many experienced people have now retired from the workforce, and the ability to bring new people into the workforce is also severely limited. A labor and skills issue has therefore started to emerge. In addition, because of certain environmental norms and other factors, many of them have had to spend quite heavily to continue operating. The challenges they are facing are quite severe.

As a result, there is a shortage of capacity. India is a great place to buy castings. From a cost and quality perspective, I would rate India as probably the best place to buy castings. Obviously, China is a very strong competitor in many of these types of parts. In the US, particularly because of tariffs, and even in Europe because of geopolitics, China is not as favored. It is therefore a great opportunity for foundries in India to take advantage of the situation.

We have definitely seen that opportunity. We may have been a little early in identifying it, so we have capitalized on it and feel that we are well positioned to take advantage of it.

Coming to the bullishness, I think I have mentioned this on previous calls as well. We have now won a lot of new business, including some large casting businesses that go into extremely large tractors, as well as some business that goes into commercial vehicles. We have grown our market share quite considerably in the medium and heavy truck segment in North America. We are focused on continuing to grow that, while also developing new products for the European market.

Dheeraj Kumar Reddy – Alpha Square: Got it. Can you give us the growth rate that you are considering, Deepak? [trails off]

P. Deepak – Managing Director & Chief Executive Officer: If you were to look at it from an export perspective, are you asking specifically about exports or overall?

Dheeraj Kumar Reddy – Alpha Square: If you can segment it, that would be great. I am referring to volume growth.

P. Deepak – Managing Director & Chief Executive Officer: Let me start with the domestic business. From a domestic standpoint, the mid-term volume growth that we see in the tractor segment is probably in the range of 5% to 6%. That is what our customers have forecast for us, so that is largely the rate at which we expect the industry to grow.

We believe we could grow a little faster because we have some larger products, and more and more larger tractors are going to start being manufactured in India and then exported. While the market might grow 5% or 6%, we should perform somewhat better than the market in the tractor segment.

Regarding heavy commercial vehicles, I think we will see a fairly substantial amount of growth this year. In the long term, if you were to read some of the reports by researchers from ICRA or CRISIL, they would say that the expected growth rate over the next 5 to 10 years is probably somewhere

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between 5% and 8%. Again, we think we should be able to beat the market somewhat because we have products that go into larger vehicles and heavier-duty tippers, which we think will outperform the market. So, again, we should do somewhat better than that.

Exports are an area where we see quite a bit of new growth happening. One of the things that will drive some growth in calendar year 2027, or FY28, is that our customers seem to be gaining market share in the products they supply to end customers. That appears to be a positive sign. We are also launching new products.

The new programs, especially for the heavy tractor parts that we have discussed in previous conference calls, have just gone into production for the first time, and the ramp-up has just started. We should therefore be able to see a significant amount of growth there.

From an export perspective, starting from approximately 500 crores, we should be able to grow by at least 50% over the next 2 to 3 years. That is roughly 250 crores of growth. The majority of that will come from exports, although some of it will also be domestic.

Dheeraj Kumar Reddy - Alpha Square: Got it. That is helpful. My next question, Deepak, is that I see Magna Electrocastings and Nelcast Ltd. announcing machining at approximately the same time. I was quite surprised. What exactly is happening? Why are these companies moving up the value chain, and what is driving this change? Can we see companies like you and Magna move up the value chain into assemblies? Is that the larger intent of this starting point? How should we think about this from a 3- to 5-year perspective?

P. Deepak - Managing Director & Chief Executive Officer: Magna and us doing it at the same time is purely coincidental. I do not think there is anything specific that I could point to as a common factor between us doing it. As I mentioned, in our case, it was driven by a specific customer requirement that could be fulfilled only by making this particular investment. That is how we are looking at it.

One of the things we will be doing with this product is some sub-assemblies for customers, which is part of this investment. If there is potential to add more assemblies, and if that adds value for the customer and for us, then that is certainly something we will look at. Adding value is definitely positive, but more importantly, it is about meeting the customer requirement.

Dheeraj Kumar Reddy - Alpha Square: Understood. Could you just touch upon what is the margin [cut off]

Operator: Sorry to interrupt you, Mr. Reddy, but can you please rejoin the queue?

Dheeraj Kumar Reddy - Alpha Square: This is my last question. I will just close it.

Operator: Sir, can you please follow the rule? The queue is long. Please follow the queue.

Dheeraj Kumar Reddy - Alpha Square: Sure.

Operator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit your questions to 2 questions

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per participant. Thank you. The next question is from the line of Pranjal Mukhija from Growth Sphere Ventures. Please proceed.

Pranjal Mukhija – Growth Sphere Ventures: Hi, good morning. Am I audible?

P. Deepak – Managing Director & Chief Executive Officer: Yes, you are audible.

Operator: Yes, sir.

Pranjal Mukhija – Growth Sphere Ventures: First, congratulations on a great set of numbers. I had a couple of questions. Firstly, if you look at the commercial vehicle segment that we cater to, namely medium and heavy commercial vehicles, we have been hearing fairly similar commentary from other players that are part of this value chain and supply this particular end product. Everyone is providing fairly confident and strong commentary. I wanted to understand whether you could break down, both domestically and in exports, the qualitative reasons behind such strong demand across the sector. A lot of players are benefiting from it.

P. Deepak – Managing Director & Chief Executive Officer: I might not be the best qualified person to explain the economic factors behind why it is doing well, but the demand is extremely strong. Following the GST cut on medium and heavy commercial vehicles, we have seen a fairly significant amount of growth.

Initially, the GST cut was last September. I think the first couple of months involved some waiting to see exactly what was happening, but from November of last year, we saw growth, and we have continued to see it.

Typically, by the end of the financial year, in March, there is a decent amount of inventory pushed into the channel in normal years. However, this year, retail sales were very good. Even at the end of March, the inventory levels that they typically maintain through their finished goods and channel were quite depleted.

We therefore saw MHCV remain strong in April and May. We saw a slight moderation probably between June and September, or June and August. However, the forecast this year seems to be incredibly strong for MHCV sales. We are seeing this across sectors, but especially in the tipper segment, where we have tippers that go into construction as well as shallow mining.

Pranjal Mukhija – Growth Sphere Ventures: All right, sir. On exports, some more—

P. Deepak – Managing Director & Chief Executive Officer: [crosstalk] And then on the export side—

Pranjal Mukhija – Growth Sphere Ventures: Yes.

P. Deepak – Managing Director & Chief Executive Officer: On the export side, we have seen a couple of things. First, last year, in 2025, there was a slowdown because of the tariffs. [trails off]

Management: The slowdown because of the tariffs was not limited to the parts that we supply; the entire US industry for medium and heavy trucks slowed down quite significantly, by 30% to 35%.

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My understanding is that the market there is actually very stable because people have these lifetimes. Basically, somebody will buy a new vehicle, hold on to it for 4 years, and then sell it to somebody else. Many people who needed to replace their vehicles held off because they did not want to take on the EMIs of a new vehicle for their fleet when they were unsure about how overall demand and trade in the transportation market would develop.

There was therefore some pent-up demand that subsequently came back. We also saw an emission norm change happening at the end of this year, from January 2027, and that drove demand to some extent.

What is very encouraging is that the forecast for 2027 looks extremely strong. In fact, I think the mean forecast, based on the range published by several people, is up approximately 5% compared to 2026. Typically, that would be unlikely when there is an emission-norm change, but the forecast we are seeing for the North American market looks extremely strong.

Pranjal Mukhija – Growth Sphere Ventures: Right, sir. I am just trying to play devil's advocate here. When we speak about the domestic market, the GST cut happened from last September, so October may be the first month reflecting that high base and the impact of the GST cut. Similarly, on exports, if you read the commentary from all these commercial vehicle players, I think Q3 is when they say the order-book intensity or momentum will start slowing down. Cumulatively, the numbers may be very high in terms of new orders, but the momentum will start slowing down.

I am asking this because globally, and in domestic India as well, these companies have been delivering good results. However, in the casting and forging space, I think some of these numbers have only started emerging over the last 6 months. From that point of view, we are also seeing RFQs and RFPs increase drastically over the last 6 months. Do we see this kind of momentum sustaining for us over the next 3 or 4 quarters?

Management: We see a reasonably strong market. We receive forecasts from customers, although the forecasts can change. In some cases, we receive forecasts from customers 6 months and 12 months out, and they still look incredibly strong.

For some of the products in which we participate, it appears that our customers are also gaining market share. They are talking about capacity increases for 2027. When we look at the same products that we are supplying, we believe there will be growth in those products, even before considering the new product introductions.

Regarding RFQs and increases, we have seen them increase quite significantly since approximately the beginning of 2025. We have seen a significant increase in RFQs and in the conversion of RFQs into purchase orders. We continue to see a decent flow of RFQs, and overall we are extremely bullish about what it looks like.

Pranjal Mukhija – Growth Sphere Ventures: Right. Secondly, are we seeing a similar uptick or demand recovery in construction equipment? If we go through Caterpillar's and Komatsu's results, I think this is the second quarter in which they have raised their guidance. Could you provide some understanding of that industry?

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Management: I may not be able to speak as much about that industry because construction equipment accounts for only a couple of percent of our overall sales. However, the overall feedback we have is that the outlook is positive. I do not think I am in a position to comment beyond that.

Pranjal Mukhija – Growth Sphere Ventures: Right. And these increasing—

Operator: Sorry to interrupt you, Mr. Mukhija, but can you please rejoin the queue for a follow-up?

Pranjal Mukhija – Growth Sphere Ventures: Sure.

Operator: Thank you. The next question is from the line of Diya Jain from Sapphire Capital. Please go ahead.

Diya Jain – Sapphire Capital: Hello, sir. Thank you for the opportunity. How do we look at commodity prices playing out in the coming quarters? Have we been able to pass on our costs to customers, and has it been with a lag?

Management: We have seen quite a bit of fluctuation in commodity prices through this year, especially after the start of the war in {? Iran ?}. We saw an increase starting in March. At some point in July, we started to see a reduction, and then it went back up again. In September and October, we saw a further increase. It has therefore been very volatile.

At the moment, if you look at the last couple of months, it has been on an increasing trend. We will have to wait and see how that plays out.

In terms of our ability to pass through the costs to customers, absolutely. We have formulas with customers that are based on certain indices, and this is done on a quarterly basis. There is usually a lag of 1 quarter in the impact.

The way it works is that the average price for January, February, and March becomes the fixed price for April, May, and June. The average price for April, May, and June becomes the fixed price for July, August, and September, and so on. Based on that, the price is adjusted every quarter.

Diya Jain – Sapphire Capital: Okay, sir. How do we look at FY28 in terms of revenue and margins?

Management: We believe FY28 will hopefully be a very good year. We believe this because many of these new products will be coming in and getting stabilized in FY28. The products that we are launching now should stabilize by Q4 of this year. Therefore, FY28 should be a full year.

We will be targeting growth of approximately 15% to 20% for FY28. Obviously, the tractor segment and the domestic commercial vehicle segment will need to cooperate and not have a bad year. However, this is what we believe we can achieve if the world is a normal place.

Diya Jain – Sapphire Capital: Okay, sir. I will get back in the queue. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Shashwat Jalan from NV Alpha. Please proceed.

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Shashwat Jalan – NV Alpha: Hi, sir. Thanks for the opportunity. This is a follow-up on the previous participant's question regarding the size of the market in North America. I wanted to understand what size of market is opening up for us with foundries closing and China plus one also helping us gain market share.

Management: The American market is a very large consumer market. If you were to look at medium and heavy trucks, medium trucks account for approximately 220,000 to 230,000 trucks per year. Heavy trucks account for approximately 250,000 to 260,000 trucks per year. This is a fairly large commercial vehicle market.

In addition, there is a light vehicle market of approximately 16 to 18 million vehicles, a good portion of which consists of pickup trucks and SUVs. Many castings or components have been sourced from China over the years, so there are opportunities there.

It is difficult to put a number on the resourcing opportunity. However, we see many other resourcing opportunities in large tractor businesses in the US. A lot of that casting business had moved to China over the last 2 decades or so, and this is where the China plus one or resourcing strategy really comes into play.

Shashwat Jalan – NV Alpha: Understood, sir. If you were to segment it into tractors, large commercial vehicles, and light to medium vehicles, how do we see incremental demand coming in? I am sure we are targeting all the segments, but which ones will provide the larger lever?

Management: While we are exploring many opportunities in the light vehicle space, if you look at our overall export picture, light vehicles account for approximately 20% or slightly less than 20% of our overall exports. Of the remaining 80%, approximately 70% to 75% comes from commercial vehicles and perhaps 10% from tractors.

With this new program, which has just gone into production and is in the early stages of ramp-up, that proportion will change considerably. It will add approximately 20% to our exports, making tractors a much more significant portion of our export business.

We are also seeing good growth in heavy commercial vehicles. There are a couple of programs on the light vehicle side that are scheduled for launch toward the end of 2028. We will therefore also see light vehicle growth there. We will see growth across all 3 sectors in which we are present in the export markets.

Shashwat Jalan – NV Alpha: Will the light commercial vehicle be EV-oriented, or—?

Management: The light vehicle I am referring to is a pickup truck or SUV, not a commercial vehicle. At the moment, the products we are working on are not EV-oriented. They are ICE vehicles.

Shashwat Jalan – NV Alpha: Right. And, sir, what would be the tariff differential for our products—

Operator: Sorry to interrupt you, Mr. Jalan, but can you please rejoin the queue?

Shashwat Jalan – NV Alpha: Sure.

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Operator: Thank you. A request to all participants: please restrict your question to 1 question per participant. For more questions, please rejoin the queue. The next question is from the line of Sanjay Kumar from Exponent Tribe. Please proceed.

Sanjay Kumar – Exponent Tribe: Hi, sir. Congratulations on the good numbers. My first question is on the new program. I think we had guided for a 250 crore run rate by Q4 on the new program. Can you confirm the current run rate in terms of tons per month, and are we still on track for 250 crores by Q4?

Management: What we had talked about was 250 crores over the next 2 years. That was awarded business that we have. That is not a Q4 run rate. However, as we continue to work with customers, we definitely believe that we will win more business.

Sanjay Kumar – Exponent Tribe: Is this 250 crore figure cumulative over 2 years, or will it be—?

Management: 250 crore will be an annualized figure for the new programs, and we will reach that run rate in approximately 2 years.

Sanjay Kumar – Exponent Tribe: In 2 years' time. Okay. How should we look at the capex for machining? Is the revenue from this 75 crore capex included in the 250 crores, or is it separate revenue?

Management: That is also part of the 250 crores.

Sanjay Kumar – Exponent Tribe: Okay, got it. Secondly, on Ponneri, I think we are operating at approximately 60% utilization, but you are still planning an expansion there of 20,000 tons. What explains that? Is it for any new products that you are considering?

Management: Ponneri was actually operating close to 100% for the last couple of years. If you look at overall capacity utilization, even in H1 we were operating slightly above 100% at Ponneri.

Ponneri has traditionally been more focused on the tractor industry and produces gray iron castings, whereas our {? Gudur ?} plant is dedicated exclusively to the production of ductile iron castings, and even {? Peddapariya ?} has approximately 90% to 95% ductile iron castings.

We have a good opportunity for more gray iron castings in both tractors and commercial vehicles. Therefore, we have added an additional furnace, which has also been installed. We are just waiting for an increase in power from the electricity board, which we expect within 1 or 2 months. That is why we have done this at Ponneri.

Sanjay Kumar – Exponent Tribe: With the current capacity of 1.8 lakh tons, when can we utilize it at optimum capacity? When can we expect that, and what comes next? Where do we go from 1.8 lakh tons?

Management: Depending on how market growth develops, we expect that over the next 2 to 3 years we will be at approximately an [trails off]

Management: 80% overall capacity utilization within approximately a 3-year timeframe. Approximately 12 months before that, we will assess what we need to do.

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There is another 20,000 tonnes or so that we can add at Peddapalli on the bigger line at an appropriate time when casting demand really picks up. That is the plan for how we are looking at growth.

Sanjay Kumar – Exponent Tribe: From the 1 lakh tonnes that we are targeting, and the incremental or additional 50,000 tonnes that we can produce to reach optimum capacity, can that come at a higher realization? We are at 150 rupees today and moving toward 200 rupees, thereby giving us 18 rupees of EBITDA?

Management: It will depend on the type of product mix that we get. What we are seeing at Peddapalli now, because of the larger and more complex castings that we are producing there, is that realizations will grow quite significantly from the Peddapalli plant.

We are seeing strong realizations at Gudur because of exports and additional new business, and we will maintain them at that level. At Ponneri as well, we are just starting to ramp up on a couple of new export programs over the next 2 or 3 quarters.

Overall, we believe realizations will increase, and the overall product mix will increase the average selling price.

Sanjay Kumar – Exponent Tribe: Got it. Thank you, sir. That is it from my side.

Management: Thank you.

Operator: Thank you. The next question is from the line of Ajeet Setti from {? ICOR Quantum Solutions ?}. Please proceed.

Ajeet Setti – {? ICOR Quantum Solutions ?}: Thank you for the opportunity. You have guided to EBITDA of 18 per kg over the next 2 to 3 years. Considering the upcoming machining capacity, increasing contribution from exports, and the stabilization of new, high-value, complex products, is it fair to expect that the company can achieve this target by FY29?

Management: We are looking at a 3-year timeframe for reaching that level. That is what we are aiming for: reaching 18 in approximately 3 years. Hopefully, that will also be the point at which our facilities are fully utilized, and I think we can get there.

Ajeet Setti – {? ICOR Quantum Solutions ?}: Just to confirm, with 180,000 units, you expect 80% utilization in FY29 with EBITDA per kg of 19—18, right?

Management: Yes, that is roughly our best expectation at this point.

Ajeet Setti – {? ICOR Quantum Solutions ?}: Okay. Could you please share the volume achieved in Q2 and H1?

Management: Give me 1 second. The sales volume in Q2 was 26,178 tonnes, and for H1 as a whole it was 48,620 tonnes.

Ajeet Setti – {? ICOR Quantum Solutions ?}: Okay. Thank you, sir.

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Operator: Thank you. The next question is from the line of Dheeraj Kumar Reddy from Alpha Square. Please proceed.

Dheeraj Kumar Reddy – Alpha Square: I am continuing my previous questions. I wanted to understand whether you could explain the difference between a raw casting, a machined casting, and a sub-assembly. How will the margin structure vary across these 3 components? What are the different things required to move up the value chain?

Management: If you look at it from a machining standpoint, one of the things that happens with the value addition from machining is that asset turns are typically significantly lower. Depending on the specific product, the asset turns on machining may be anywhere from 0.7 to perhaps 1.5. The average might be approximately 1 for a well-utilized machining facility, but it can also be as low as 0.7 in terms of asset turns.

In order to earn a return on investment, we believe EBITDA on the machining portion can be between 25% and 30%, or something in that range. Again, it depends very specifically on the product and on that portion of the value addition.

In terms of assembly, assembly is a very broad topic in terms of what it means. It will depend entirely on the specific product, what the assembly is, and what the customer requirement is.

Dheeraj Kumar Reddy – Alpha Square: Understood. Is it beyond the machining component, or do you think it is broadly in the same range?

Management: I think it will be somewhat higher because, typically, the amount of capex required for assemblies may not be as significant. However, it is very difficult to comment on assembly from such an abstract perspective.

Dheeraj Kumar Reddy – Alpha Square: Understood. I wanted to understand how we are progressing because, to achieve 15% to 20% growth for long periods, we need to invest in engineering capability, new product development, and so on, right? Because as of now—

Operator: Sorry to interrupt you, Mr. Reddy. Sorry to interrupt you, Mr. Reddy, but can you please rejoin the queue?

Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to the management for closing comments.

Management: Thank you, everyone, for joining us today. Before we close, I would like to wish all of you and your families a very Happy Diwali. Have a great festive season. Thank you.

Operator: Thank you very much. On behalf of Nelcast Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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