

ELECTROSTEEL CASTINGS LIMITED

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16 May, 2025

BSE Limited

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

National Stock Exchange of India Limited

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

Scrip Code: **500128**
ISIN : INE086A01029

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 12 May, 2025 for uploading audio link of the Conference Call held on Monday 12 May, 2025 at 4.00 pm IST, to discuss Q4 & FY25 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/investor/investor-presentation-and-other-documents.php>

This is for your information and records.

Thanking you,

Yours faithfully,

For Electrosteel Castings Limited

Indranil Mitra
Company Secretary

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Electrosteel Castings Limited
Q4 & FY'25 Earnings Conference Call
May 12, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Electrosteel Castings Limited Q4 & FY'25 Earnings Conference Call.

As a reminder, all participant lines will remain in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal the operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikash Verma from EY LLP. Thank you and over to you, sir.

Vikash Verma: Thank you. Good evening, everyone. On behalf of Electrosteel Castings Limited, I welcome you all to the Company's Quarter 4 & FY'25 Earnings Call.

To discuss the performance of the Company we have with us from the management team, Mrs. Radha Kejriwal Agarwal – Whole-Time Director; Mr. Madhav Kejriwal – Whole-Time Director; Mr. Sunil Katial – Whole-Time Director and Chief Executive Officer; Mr. Ashutosh Agarwal – Whole-Time Director and Chief Financial Officer, 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 control. We kindly request that you bear in mind there may be uncertainties when interpreting such statements. We will now start the session with the opening remarks for 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, Mr. Madhav.

Madhav Kejriwal: A very good evening to all. I am pleased to highlight the Company's performance and the promising industry demand outlook going forward. I would like to walk you through some of the major developments and challenges we have faced this year.

The first half of the Financial Year demonstrated growth over the previous half year, while the second half witnessed some slowdown. This was primarily due to two key factors, reduced spending by the central government on its flagship scheme, the Jal Jeevan Mission, the initial budget for FY'24-25 was Rs.70,000 crores, which was subsequently revised down to Rs.22,000 crores. However, recognizing the critical importance of the scheme, the government has extended it till 2028 and allocated a significantly higher budget of Rs.67,000 crores for FY'25-26. In parallel, work has commenced on long pending river linking projects, a notable milestone was the inauguration of the Ken-Betwa River linking project by PM Narendra Modi on December 25th, 2024. An important step forward in India's water resource management strategy, this I will cover in detail after taking you through the performance of the Company.

We undertook two shutdowns of the blast furnace at our South unit, one during Q2 and another towards the end of Q3 which extended into the early days of Q4, these maintenance activities, while essential temporarily impacted production volumes in the later half of the year. The Company's consolidated total income stood at INR 7,443 crores during FY'25 reflecting a temporary dip due to two shutdowns, as I mentioned and a slight slowdown in the market demand. The plant has regained stability since, our phase wise expansion to take the capacity from 6.8 lakh tons to 1 million tons is in progress as per schedule, and I am delighted to share that our installed capacity has now been enhanced to 9 lakh tons by the year end. This added capacity is expected to yield higher volumes as we gradually ramp up production in the coming quarters, positioning us for robust growth. We have already incurred approximately Rs. 500 crores of the CAPEX for this expansion up to FY'25 out of the planned CAPEX of approximately Rs. 700 crores. The DI sales volume for the quarter was approximately 1.71 lakh tons, and 7.17 lakh tons in FY'25 with exports contributing 15% of the total DI volumes. I would like to highlight the demand of DI pipes, going forward.

The government has prioritized revenue growth over expenditure expansion to achieve the reduced fiscal deficit targets so as to keep inflation down. Going forward, the Jal Jeevan Mission has received a budget allocation of Rs.67,000 crores by FY'26 and has been extended to the year FY'28. This is a reflection of the government's commitment to provide safe and adequate drinking water through household tap connections in rural areas. Respectively, matching funds will be borne by the states. Disbursement of central funds is in process and will revive pipe demand in due course of the year. As of the latest reports approximately 12.38 crore rural households have been provided with tap water connections with many schemes needing source sustainability and operation and maintenance fixes. In many cases, the projects are still partially complete and the water source sustainability is not fully established. The work left to be executed is more than four crore households, and JJM, as previously mentioned has already been extended up to December 2028.

I will move on to the progress and allocation under the AMRUT scheme, the Atal Mission for rejuvenation and urban transformation, launched on October 1st, 2021 is a five year initiative by the government of India aimed at enhancing urban infrastructure, ensuring water security

and promoting sustainable urban development across the country. The total indicative outlay was Rs. 2.99 lakh crores over five years, out of which the central assistance is Rs. 76,760 crores as of November, 2024, 8,998 projects worth Rs. 1,89,000 crores have been approved. We expect substantial expenditure on pipe procurement via AMRUT 2.0.

Some updates from the river linking project, which is managed by the National Water Development Agency under the Ministry of Jal Shakti. This project envisages the interlinking of rivers to enhance irrigation, mitigate floods and ensure water availability across the nation. The main project that is taken up at present for implementation is the Ken-Betwa Link project. It has a Rs. 44,000 crore scheme to irrigate 10.6 lakh hectare in Bundelkhand. A number of other projects are also in the pipeline. National river linking project has the potential to generate considerable demand for both pipes and fittings in the future.

Irrigation is another major demand driver for our pipes. India's irrigation sector has seen significant advancements. The government has prioritized irrigation development there has been a shift to pipe irrigation to lower losses and ease land acquisition problems. There is an estimated growth in the irrigation flood control at the state level of 23% year-on-year.

Moving on to exports. The Middle East and Africa pipe markets are valued at Rs. 8.13 billion in 2023 and is projected to reach Rs. 11.56 billion by 2031 growing at a CAGR of 4.5%. This growth is driven by infrastructure development and urbanization in the region. Similarly, the Middle East iron and steel pipe market is expected to see steady demand growth over the next decade. Demand is driven by the good growth prospects in many Middle East countries, mainly Saudi Arabia. In Europe, we are the second biggest supplier of Ductile Iron Pipes and in the Middle East, we are the largest exporter. The recent US tariffs on iron and steel product imports have introduced volatility in the global steel prices affecting the pipe industry. These tariffs can lead to increased cost, impacting manufacturers margins and pricing strategies. However, the tariff on Indian DI exports to the US remains limited up to 10% which will be reviewed again in July. I would now like to hand over the floor to Mr. Ashutosh Agarwal, Whole-Time Director and Chief Financial Officer for taking you through the financial highlights.

Ashutosh Agarwal:

Thank you, Madhavji. Good afternoon to all the investors present in this call. I would like to brief you about the financial results consolidated for Q4 2025. Total income stood at Rs. 1,739 crores, partially impacted by the plant shut down as explained by Madhavji. EBITDA at Rs. 198 crores, EBITDA margin stood at 11.4%. PAT reported Rs. 168 crores which includes Rs. 81 crores on account of one-time adjustment of deferred tax. Here, I would like to mention to the investors that, in 2017 as per the accounting standard (Ind-AS), there was a window given to us, and we have revalued the land of the Company. And now in 2024 the government of India has changed the long-term capital gain tax rate from 20% to 12.5%. On account of that, there is a reversal of deferred tax liability of Rs. 81 crores. That is nothing to do with the cash flow of the Company, it is just an accounting entry for general information please.

Highlighting our consolidated Financial Year 2025, the Company as a whole, the total income stood to Rs. 7,443 crores, EBITDA stood to Rs. 1,159 crores, EBITDA margin stood at 15.6%. PAT stood to Rs. 710 crores, which includes Rs. 81 crores as I explained to you earlier.

Now, I am talking about standalone results of Q4 FY2025. Total income stood to Rs. 1,601 crores impacted by the plant shut down, as mentioned by me and Madhavji. EBITDA stood to Rs. 213 crores, EBITDA margin 13.3%, PAT stood at Rs. 191 crores, which again included Rs. 81 crores as explained by me in my earlier note.

For the year standalone results are, total income was Rs. 6,840 crores, EBITDA Rs. 1,116 crores, EBITDA margin 16.3%, PAT Rs. 712 crores which include Rs. 81 crores as mentioned to you.

The Board recommended Rs. 1.40 dividend per equity share, it means 140% dividend. We are maintaining the dividend from last year.

The CAPEX as mentioned by Madhavji, we had a plan of Rs. 700 crores, and we have spent around Rs. 500 till March 2025, and balance Rs. 200 crores will be spent later on. The DI pipe capacity will be around 1 million tons in 2026-27.

Now, I am opening the floor for the question-answers. Thank you very much.

Moderator: Thank you. Ladies and gentlemen we will now begin the question-and-answer session. The first question comes from the line of Rajat Sethia from iThought PMS. Please go ahead.

Rajat Sethia: A couple of questions, the capacity that we have, the same plant or the same line make different sizes, different diameters pipes, or we need to have dedicated capacity for different sizes as the pipes?

Madhav Kejriwal: Sir because of the machine mix that we have taken up as we have expanded our capacity, we do have a flexibility of 10% to 15% between different size mixes. So, we can play with the capacity basis the requirements in the market.

Rajat Sethia: Okay. So, you are saying a particular line can make a pipe which can vary in diameter by 10% to 15% of its fitted production sizes, right?

Madhav Kejriwal: Yes, please.

Rajat Sethia: Sir one question regarding there is lot of talks are there about the OPVC pipes. So how do you see the development of OPVC pipes effect DI pipes and what size in it?

Madhav Kejriwal: Sir, I can answer this question in two parts, one from the short to mid-term, and then from the long-term perspective. For the short to mid-term, most of the projects that I have spoken about which are under Jal Jeevan, etc., for them the detailed project reports, etc., have already been

made, and the chances of any upcoming, recent demand being converted to OPVC is negligible. From the medium to long term perspective, Sir if you look at the percolation of OPVC in markets where they are being used, like North America and South America, yet there is decent amount of demand for smaller dia pipes in those markets. Coming to Europe, we are finding that OPVC is practically not there. The other aspect also is Sir, that because of many characteristics of a plastic pipe versus a metal pipe, the use cases are not overlapping in its entirety, there is a there is an overlap but it's not that you can use a metal pipe wherever a plastic pipe is used and you cannot use a plastic pipe in a lot of use cases where only a metal pipe can be used. So, I don't find OPVC to be a real threat this sort of mindset or rather concern had also come up when HDPE was introduced in the domestic market, but we find that smaller diameter pipes still run the demand for Ductile Iron Pipes. So that, in itself gives an answer of whether OPVC really would become a threat going forward, as it was felt HDPE would.

Rajat Sethia: So, you are saying it is kind of a replacement, but it's not really affecting the larger application and use cases on the impact, right?

Madhav Kejriwal: Yes, please. There might be a small percentage of the demand that can get converted at a local level, but that's not going to have a material impact on the demand of Ductile Iron Pipes.

Rajat Sethia: Okay. And up to what diameter is it going to present as an alternative?

Madhav Kejriwal: If any replacement, then it would probably be up to diameter 150 or 200, not beyond that. They do operate till dia 400 but above dia 200 there is practically no chance of replacement.

Rajat Sethia: Understood. And our total capacity for the sales, what is the sales mix for us 200 or 300 dia or more than that?

Madhav Kejriwal: Sir, our demand scenario is that we will have approximately 40% to 50% up to dia 400 and another 50% to 60% up to dia 1200. So, it's a 40:60 sort of mix you can say going forward.

Rajat Sethia: Thanks and for our increased capacity also the mix will be same?

Madhav Kejriwal: I am sorry, kindly repeat.

Rajat Sethia: Okay, I was saying for the increased capacity, when our capacity goes to 1 million tons, the mix will remain in the same range, right?

Madhav Kejriwal: Yes, please. Our mix is to make between 40% to 50% up to 400 dia and approximately 50%-60% above 400 dia, so its in-line with the market demand.

Moderator: Thank you. The next question comes from the line of Akshay Deshpande from Ashika Institutional Equity. Please go ahead.

Akshay Deshpande: I just wanted to know, have you received any cash from JJM projects in the previous three months?

Madhav Kejriwal: Have we received any cash from the?

Akshay Deshpande: JJM projects, Jal Jeevan Mission?

Madhav Kejriwal: There has been an ongoing movement in JJM it's not that because the center has temporarily halted CAPEX that the projects have stopped as you must be aware that the state takes care of 50% of the expenditure, so the states which have reasonable resources, like Odisha, MP over there we are seeing movement. It's not at the same term as it was six months back, but not that there is complete switch off on the JJM.

Akshay Deshpande: Understood, Sir. Would you be able to quantify it?

Madhav Kejriwal: It will be little difficult for me to exactly quantify what has been the state wise expenditure over the last six months. I would not have that information.

Akshay Deshpande: Okay, I understood.

Madhav Kejriwal: It is something, get back to you if you like.

Akshay Deshpande: I Understood, Sir. So, my second question, how was the price volatility in the previous three months for coking coal and iron ore?

Sunil Katial: On the coking coal in the last three months the prices have been actually varying to the tune of say \$20, so more or less we can say that the coking coal have been more or less steady for the last three months. As far as iron ore is concerned, iron ore there is a small upward trend, not really much to the tune of say Rs. 200 to Rs. 300 a ton or so. So broadly speaking, both of these are remaining steady.

Moderator: Thank you. The next question comes from the line of Aashav Patel from Molecule Ventures. Please go ahead.

Aashav Patel: Sir my first question is that, we have been hearing all the JJM outlay from the center side is expected to be significantly cut down from Rs. 2.8 lakh crores to Rs. 1.5 lakh crores, almost a cut down of Rs. 1.25 lakh crores, which would largely has to be borne by then states, which we also know is quite difficult to get funds out of the state governments. So, what's your view on this ongoing shrinkage of the JJM allocation?

Madhav Kejriwal: Sir, as I had mentioned, and I have been mentioning for many investor calls, the initial outlay for Jal Jeevan was Rs. 8 lakh crores. That was during 2019, post that there has been a shift in prices of all materials and even manpower. So, to finish the project, they will require the

estimated Rs. 9.10 lakh crores, there is no two ways about it. Your apprehension is well placed when it comes to certain states where they are running into financial troubles, but there are specific states where there will continue to remain central support such as Bihar and Andhra Pradesh and Madhya Pradesh. And also there are certain states which are reasonably well to do from their cash flow perspective, such as Odisha. So, your concern is limited to specific states for me, Karnataka probably is one state where there might be some work which will take longer than what it should to finish. But again, most states which are struggling financially, fortunately have a double engine, so they have the support from the center. So, in some or the other, I am very certain that the government would like to finish the work to its to completion, have it completed.

Aashav Patel:

Got it and Sir, as per the JJM progress, which is mentioned on the website, they are claiming to have 80% of the penetration. But ground level scuttlebutt from our side suggests that the actual penetration is much lower, closer to a 60% level. So, what is your view on the same, have we penetrated 80% of the targeted JJM market?

Madhav Kejriwal:

I have been saying since 1.5 years to 2 years that we have a coverage of 40% to 50%. So, what I was saying, I find that that has now come out in public, but this is a reality that I am noticing on the ground because of our network, we are well aware of the ground realities, we have probably the strongest sales and marketing network in the country for Ductile Iron Pipes, and that helps us get a better understanding of what's happening on the ground. And that's the reason why the past few quarters I have been mentioning that the real work on the ground is far lower than what it is stated, yes, the tap connections are there, and yes, we have made commendable progress there is no two ways about it. But we are a very big country with a huge landmass and a huge population, so it takes time, I draw parallels to countries like the USA and China, since they have similar, they face similar population growth recently and you will find that even today they have a substantial demand.

Aashav Patel:

Do we expect by FY'28 we would largely be able to achieve the JJM target, or it could even then further fall off even after FY'28?

Madhav Kejriwal:

So Sir, if the situation happens so that the burden of the Rs. 1.5 lakh crores goes on to the states, then in my opinion this might get pushed to maybe FY'30, for those specific states which are going to be struggling financially. Apart from that, I think by FY'28, 90% to 95% of the work should have been done. There is a population growth that is also constantly happening, so that's why I say 90% to 95% and to reach 100% will take some time for our country.

Aashav Patel:

Makes sense. And we have also been hearing in terms of fund flow slowdown specifically across and that is something which is across the B2G companies, but specifically to the Jal Jeevan Mission and water infrastructure, it has been the most impacted industry. So, what is your view on that, are you seeing challenge in terms of working capital over last couple of quarters, and do you see it easing out anytime soon?

Madhav Kejriwal: Sir there has been a marginal increase in the debtor cycle for the Company, but we adhere to a very strict policy when it comes to our supply chain, outward supply chain especially, where in we don't look forward to, we don't allow for open credits beyond a certain number of days and beyond specific customers. So because of that, we have not seen a major impact and if anything going forward, things are to only improve, from the cash flow perspective although not much impacted with we are at rock bottom.

Aashav Patel: Okay. But you have visibly in the slowdown over last couple of quarters?

Madhav Kejriwal: Very marginal, as I was mentioning there are also other demand drivers today in the market. So, it's not that there's ever a time that suddenly because Jal Jeevan has slowed down or stopped there is a zero cash income inflow cycle.

Aashav Patel: Absolutely agreed. And the last question on my side, as per Coal India website, almost 70% of the pending compensation regarding the suspended coal mine have already been settled. What is the update on our expected compensation are we seeing any positive development there?

Madhav Kejriwal: Sir, there are definitely some positive developments so far, I have been mentioning that, I don't want to comment on timelines, because I have been proved wrong, but with recent developments. I am hopeful that this financial year we should see this matter settled towards to a very large degree.

Moderator: Thank you. The next question comes from line of Abhishek Yogesh Shah from Valcore Capital Advisors. Please go ahead.

Abhishek Yogesh Shah: Sir, I just wanted, so I was looking at the numbers, we have seen a sharp fall in your margins and realizations also. So just wanted to get some understanding on how are you seeing the realization shape up say in the coming quarter, and also on what sort of bottom line could we be looking at because EBITDA per ton last year we were looking at upwards of say, Rs.16-18 per kg we have seen a fall. So, I am just trying to understand, where do you see it for the year?

Madhav Kejriwal: So, I would prefer answering margin related questions in percentages, because that's a better matrix, our product is 60% to 70% iron and coal cost dependent, so the absolute value per unit is moving because of that. So, it's better to talk on percentages in my opinion. As this particular financial year, we have hit a EBITDA margin of approximately 16% and we been mention that 15% to 18% is the range that we are looking at in the mid to long term. In good years, we see ourselves operating sometimes even above that, historically Ductile Iron Pipes as an independent operating business has never gone below 15%. Moving forward, for this particular quarter things have started moving now in the center, because of the revamped estimates there's a lot of paperwork and administrative approvals that are going to take maybe another two, three months to come into place since it's a big mechanism, it takes some time to move but things are moving forward as you must be seeing articles coming out every week or so

about what the update is on Jal Jeevan spending. So, things are moving forward at the central level and very soon the money will start coming in. Starting Quarter 2, there will be an up cycle again. So, I am very hopeful that we will be able to stay on the upper side of this bandwidth for the medium term.

Abhishek Yogesh Shah: Got it. Sir, and how are you seeing capacity addition, we are adding substantial capacity which is due to come soon. At industry level, also we have seen significant capacity additions so if you can maybe throw some numbers on that and give us some idea how do you see the demand and supply shaping up for the next year or two?

Madhav Kejriwal: Sir, the demand scenario at the moment with the river linking projects, the irrigation business and the reinstated budget of Jal Jeevan, demand will which was earlier beyond supply by 25% will remain to be ahead of supply by approximately 10%, 12% for the next two years. Coming to FY28 and FY29 that's when the demand and supply cycle will meet.

Moderator: Thank you. The next question comes from the line of Subhash from Value Investments. Please go ahead.

Subhash: Okay, I just had a question on your revenue, and I understand that from the last 2 Quarters you had some maintenance in your manufacturing units, maybe 1 or 2 Quarters ago, you even said that the maintenance was almost complete, but the output was not as per the expectations. But I see in your investor presentation that you have mentioned that the production will be stabilized going forward. So, is the revenue down because of that, or is it because of the, say it's not spending much money as you mentioned about Jal Jeevan Mission, is it because of that you are seeing less income?

Madhav Kejriwal: Sir, I would say the bigger part of the reduction in revenue is owing to the maintenance shutdowns that we had. Definitely the slowdown in expenditure has played a part in the reduced revenue for the second half of the year, first half remains strong. So, one of the reasons why also the decision for taking a shutdown was taken, although we had taken one in Q2 was because of this slowed demand situation. We are very certain of the fact that going forward, the demand will pick up so it was an opportune time for us to take the shutdown right now, rather than having to do it at the time when the markets are high.

Subhash: Got it Sir. And, how do you account the revenue, is it as soon as you supply the materials from your manufacturing units to the sellers, or do you record the revenues after you receive actual cash?

Ashutosh Agarwal: The moment material reach to the customer site we are recognizing in the income.

Subhash: Okay. So, for this quarter you are around EBITDA margin of 11.4% and I understand because of the maintenance, but going forward as you said, it would be around 15% to 18% right?

Madhav Kejriwal: Sir, I am very hopeful that for the medium term after FY27 or FY28 we will be on the upper end of this band.

Subhash: Okay, that's great to hear, thank you. And do you have any update about the latest land acquisition that you did around Odisha, I guess which you announced maybe 3 Quarters ago?

Madhav Kejriwal: Yes, please. We are very closely in touch with the government to get our approvals and other auxiliary requirements in place. I think, there was a bit of a slowdown due to this government change in Odisha as well, it was taking a little longer, they took a couple of quarters to really get everything back in in order. But plans are still on, and I am very excited to bring about some good news very soon for the investors.

Subhash: That is great to hear because the next question I had about was, in your presentation you have mentioned that by FY'26 you will have 10 lakh tons of production capacity. So, this is without considering the latest land acquisition, right so this could go up?

Madhav Kejriwal: So, 1 million is our existing facilities, approximately 1 million will be our capacity in the existing facilities that we are still in progress for that, because that is no nexus with the expansion in Odisha.

Subhash: This plan does not include the Odisha land acquisition plans like whatever you have for future for that land?

Madhav Kejriwal: Yes, please.

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

Rajesh Agarwal: Sir, this quarter we have taken a maintenance shutdown. So, can you quantify the production loss or any one off for the shutdown?

Madhav Kejriwal: Sir, owing to the maintenance shutdown we have had a reduction in the output by approximately 50,000 tons. For the one that was there in Quarter 3, Quarter 4.

Rajesh Agarwal: Expenses for the shutdown on this one maintaining the plant or whatever, onetime expenses?

Ashutosh Agarwal: We have incurred around Rs. 13 crores for that.

Rajesh Agarwal: Okay. So second you said tariff, the 10% tariff will affect our export, no?

Madhav Kejriwal: Not really, sir. I don't see, just to give some further clarity on this, please. Our total export to the US that amounts to around 1.5% to 2% of our exports. So, we are not very dependent on it to begin with. And to add to that, a 10% tariff will not make our competitiveness in the US market any lesser. So, I don't see it impacting the 1.5% to 2% either.

Rajesh Agarwal: Okay. So, other countries won't have an advantage to us, either in Saudi and all Middle East also?

Madhav Kejriwal: No, Sir. So, apart from Electrosteel there is no other Company who exports into the US market.

Rajesh Agarwal: Understood. Sir, why the working capital days have gone up. If you see the presentation, working capital days have gone up?

Ashutosh Agarwal: Debt is reduced, it was Rs. 1,800 crores earlier working capital debt now it is Rs. 1,400 crores.

Rajesh Agarwal: Not the debt, number of days?

Ashutosh Agarwal: Number of days yes, number of days it is.

Madhav Kejriwal: So, that is in two parts. As mentioned earlier, we have seen a slight slowdown in the customer payment cycle, we had pushed some of our material to our subsidiaries across the globe because we were expecting sales pickup, which we will see in due course, reflecting in our in figures. So there is some extension in the overall.

Rajesh Agarwal: Going forward it will improve, the days will improve?

Madhav Kejriwal: Absolutely.

Rajesh Agarwal: Okay. And I heard state government is trying to do a water project in HAM model, so for tying up the funds with the investors. So, will that affect our business, will the business go up?

Madhav Kejriwal: I am hopeful that it will, because earlier, whenever HAM has been tried, it's not been very successful. So, I cannot be very confident about it, but the mindset of the investors towards public private partnerships have considerably changed over the last five, six years. So, I am positive about it, yes.

Rajesh Agarwal: So, after April, the allocation of JJM has increased so you are seeing a moment in there, tender movement, inquiry or?

Madhav Kejriwal: You mean JJM?

Rajesh Agarwal: Yes, JJM.

Madhav Kejriwal: Sir, there has been a lot of positive movement at the central level when it comes to approval of funding, etc., which in fact seen a bit of a stalemate for six months. Impact on the ground will start coming in from Quarter 2.

Rajesh Agarwal: Okay. And sir you said Ken-Betwa the project cost is Rs. 45,000 crore. Can that result into a huge DI pipe order or what percentage can be DI pipes contribution in that?

Madhav Kejriwal: Sir that is going to be a mixed bag of canal, dam and pipe irrigation, and we will see demand come up mainly in DI and HDP. So, I would say approximately 15% odd.

Rajesh Agarwal: 15% odd?

Madhav Kejriwal: Yes, please 15% to 20%.

Rajesh Agarwal: It will start by when, the demand for DI pipes and all?

Madhav Kejriwal: Sir, I think second half of this financial year we should start seeing some demand from Ken-Betwa come into DI pipes.

Rajesh Agarwal: Okay. And Sir the last question, on this Indus Water Treaty, whatever has been activity happened, the government starts activity of their building a dam and other water infrastructures, that can also result into orders for DI pipes?

Madhav Kejriwal: Absolutely, Sir. It's not something we want to highlight much right now, because very nascent but, this is something that we have at the back of our mind.

Rajesh Agarwal: I have a feeling the moment in that will be very fast, that is what my guess is.

Madhav Kejriwal: I am very certain of it Sir, but as there is nothing concrete we can't.

Rajesh Agarwal: I understood, but the DI pipes will be required there?

Madhav Kejriwal: Absolutely.

Rajesh Agarwal: And Sir the last question, what will be the CAPEX for FY'25-26, maintenance CAPEX?

Ashutosh Agarwal: The CAPEX for FY26 will be somewhere around Rs. 200 crores.

Rajesh Agarwal: Okay. And maintenance CAPEX?

Ashutosh Agarwal: Additional CAPEX, including maintenance CAPEX.

Rajesh Agarwal: Okay. CAPEX and maintenance. So, maintenance will be how much and CAPEX will be how much?

Ashutosh Agarwal: Maintenance CAPEX altogether will be Rs. 35 crores and Rs.165 crore would be regular CAPEX.

Moderator: Thank you. The next question comes from the line of Ankit Puri, an Investor. Please go ahead.

Ankit Puri: I want to check up, can you please comment on the reason for the increase in the inventory levels and how do you see it panning out going ahead. Also, if you can provide insights into the current and future capacity utilization?

Madhav Kejriwal: So Sir, the increase in inventory level is owing to a slight slowdown in the market demand. In regard to the capacity utilizations, I am expecting that over the next two to three years for the industry, the capacity utilization should be somewhere between 85% to 90%. We will probably be operating at a slightly higher level than that.

Ankit Puri: Alright. And what has been for this particular quarter and for FY'25?

Madhav Kejriwal: So for this particular quarter, our capacity utilization has been probably 60% or so, but that is owing to the shutdown. Subsequently, going forward from Quarter 1 to Quarter 3, we should see a ramp up of 10% to 15% each quarter as we are coming out of the maintenance shutdown and ramping up, and also support from the markets for demand.

Ankit Puri: All right. Lastly, what updates can you provide on the traded products through the Singardo acquisition panning out?

Madhav Kejriwal: So, one very good movement that we have seen that we have managed to do due to the acquisition is to enter the Vietnam market, although we started with very small orders, but because we improved our presence so in the area, we have now started discussing reasonable size orders with the local contractors and business houses. So that's one big benefit. We are also being able to procure a small quantity of products via Singapore from countries around like Vietnam and China, etc., for products in the basket which we are adding, like coupling adapters, etc., for our subsidiaries in the Western hemisphere. This is just a beginning, with time we will see this grow substantially.

Moderator: Thank you. The next question comes from the line of Rajesh Bhandhari from Nakoda Engineers. Please go ahead.

Rajesh Bhandhari: Sir, in the settlement of coal mines, how much amount are we expecting?

Madhav Kejriwal: I won't be able to let you know a figure, there is no exact indicative amount.

Rajesh Bhandhari: Not exactly, but approximately Rs. 200, Rs. 500, Rs. 1000 crore like that.

Madhav Kejriwal: It will be difficult to tell but we will recover a reasonable chunk of claim.

Rajesh Bhandhari: How much is our claim?

Madhav Kejriwal: Rs. 1200.

Rajesh Bhandhari: Okay, let's see how much we get, whatever we get is good. And the Russia Ukraine is settling and Hamas is also cooling down, so will the demand increase in that?

Madhav Kejriwal: If there is some settlement on Hamas issue then our supply chain will be with our existing market, since few years we have seen some problem there and we have to keep more stock there and our credit time has increased too. If that's works out then we will get good relief. When war started there we already started to invest there via salient marketing and Eastern Europe is a very important and new frontier so as and when the matter ease off we will restart the efforts and definitely we will see demand improvement there.

Rajesh Bhandhari: Demand will increase there and if we have our influence there then naturally we can have a good chunk of order there.

Madhav Kejriwal: We had started establishing presence over there.

Rajesh Bhandhari: Okay. And currently like we are having regular plant shutdown so the ones which we have already taken will there be any more in upcoming days?

Madhav Kejriwal: There won't be any shutdown requirement in near future, as I was mentioning in the past the shutdown which we have taken in Quarter 3, Quarter 4 that was just to further enhance what we could not achieve from the first shutdown and because the market was slow we thought that it's a good time to exercise this option.

Rajesh Bhandhari: How month's order book we have now?

Madhav Kejriwal: Around seven and a half months.

Rajesh Bhandhari: Okay. And we expect it to be better in future?

Madhav Kejriwal: Yes.

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

Saket Kapoor: Madhav Ji, only residual questions and some clarifications. Firstly, Sir you mentioned that this would be the financial year where we would be expecting some conclusion on the coal compensation part. So, if you could just elaborate what factors have engulfed, on which ground you are getting this trust because there has been no reconciliation of the figure, there is dispute on the amount. So, if you can let us know on this.

Madhav Kejriwal: Activity level or interaction level has increased a lot. There were few steps, that were not cleared out by the government for JSW to start operating like there are different types of clearances for mining, as and when JSW is also getting those mines, those clearances and those steps are clearing out, both the parties and even the mining ministry wants to now see the conclusion happen so that the asset can be revived. So, that is my reason for showing some positivity on that front.

Saket Kapoor: Okay. So, sir JSW has already paid to the Ministry for the existing orders, which they have received?

Madhav Kejriwal: There are certain breakup, the money which they have to pay to the government they have done that but the amount which they have to pay is will be established as and when they will reimburse us.

Saket Kapoor: Okay. And Sir secondly for this financial year we have lost tonnage closer to 50,000 ton because, had these two shutdown not been planned, our tonnages we would have, the sales would have been higher by 50,000 tons this is what the understanding is?

Madhav Kejriwal: Sir, if both the shutdowns are considered, then probably we would have seen a slightly even higher than 50,000 tons production number, around 60,000 to 65,000 tons would have been more.

Saket Kapoor: Okay, this much definitely we will add for this year. What I was mentioning sir, that is on top of 7,17,000 tons definitely we will be adding 60,000 tons for this financial year, this should be the base minimum that we should be doing because now the capacity has also move up to 9 lakh tons.

Madhav Kejriwal: So, sir 9 lakh tons installed capacity is there, since it takes a little time to ramp up we are expecting to hit something between 8.3 lakh to 8.5 lakh this financial year.

Moderator: Thank you. The next question comes from the line of Muskan Rastogi from B&K Securities. Please go ahead.

Muskan Rastogi: Sir for the last few quarters the Company has been guiding that there has been no weakness in the realization. However, the realizations are still on a downward trend, we also interacted with L&T team, and we got a feedback that the realization of DI is at Rs. 58 to Rs. 60 per kg range, and demand is also subdued. So, can you please give color on this and also what would be your volume guidance for FY'26-27?

Madhav Kejriwal: Well, ma'am as I was mentioning previously in this call, the absolute realization numbers is a result of both demand and the movement of the iron ore and coal pricing, part of the reason for the softening on the realization is also that the input material costs have come down. Going

forward the movement of the realization is going to be a consequence of the demand moving up, which will create an upward pressure and we are hoping that the pricing for the raw materials remains stable seeing that possibly no major geopolitical issue arises. There might be some upward movement in the iron ore if and when the government starts picking up on many of its infrastructure projects beyond Jal Jeevan as well. So this will, lead to the average realization going up, currently the realization is between Rs. 58 to Rs. 60 per kg, but that is for new orders we are carrying over orders from the past as well. So, the effective realization is always a blend of old and new orders.

Muskan Rastogi: Sir, what would be a volume guidance for next two years?

Madhav Kejriwal: Volume guidance, please?

Muskan Rastogi: Your volume guidance for, sales volume guidance for DI the next two years?

Madhav Kejriwal: Ma'am for the next financial years we will be somewhere between 8.3 to 8.5 lakh tons, and in the subsequent year, we should be crossing 9 lakh tons.

Muskan Rastogi: Okay, sir my another question, in a normalized spread scenario, if we do Rs. 9 to Rs. 10 EBITDA per kg, then post tax ROC for the core business comes to around 10%. I just want to understand, what is the reason behind going for such large CAPEX in same business in Odisha, if the return ratios are just 10%?

Madhav Kejriwal: Ma'am Rs. 9 to Rs. 10 would be a conservative figure, the return on capital for the core business would be a little higher than that. We also have to keep in consideration that Electrosteel as a Company has historically also exported pipes, and we are also looking at an expansion in our fittings business which is a higher capital return business. So, we are very certain of hitting around 12% to 13% at a very, I would say realistic, slightly conservative level.

Muskan Rastogi: Sir, within this quarter it was Rs. 8 per kg hence, I was asking it.

Madhav Kejriwal: Well ma'am one has to appreciate that the last six months has possibly been rock bottom for the DI industry. So we cannot plan basis that, as when last year around Quarter 3, Quarter 4, we were hitting +20% EBITDA numbers. Even at that point we had also mentioned that +20% is an unsustainable number, we are hopeful to, we are very certain of maintaining a range of 16% to 18% so those are the figures that we have to look at. We cannot get swayed by short term up and down swings.

Moderator: Thank you. The next question comes from the line of Rajat Sethia from iThought PMS. Please go ahead.

Rajat Sethia: Sir, what is the maximum achievable capacity utilization possible at the plant at the Company level?

Madhav Kejriwal: Between 90% to 95%.

Rajat Sethia: Okay. And you mentioned that we will soon be hitting those numbers in the next one year or so right?

Madhav Kejriwal: Yes, please.

Rajat Sethia: Okay. And we are adding capacity, so that's how we expect our growth to come down, and we expect to maintain these higher levels as well for the next three, four years?

Madhav Kejriwal: Yes please.

Rajat Sethia: And Sir what is the frequency of shutdowns generally, in how many years do we need that shutdown?

Madhav Kejriwal: So, Sir we have an annual shutdown which average is around 10 to 15 days in each unit. Barring that, we have shorter one or two day shutdowns every alternate month. Katial ji why don't you mention the total shutdown days for a unit of our industry?

Sunil Katial: Normally, the running days in a year are in the range between 346 to 350 days.

Moderator: Thank you. We take the next question from the line of Aashav Patel from Molecule Ventures PMS. Please go ahead.

Aashav Patel: Sir my question is, if we end up receiving the coal compensation whenever we receive it. How do we envisage to consume that capital?

Madhav Kejriwal: In the new project.

Aashav Patel: Okay. But we don't plan to deleverage the balance sheet meaningfully from around Rs. 2000 crore debt level?

Madhav Kejriwal: So, Sir moving forward we will probably maintain and slightly reduce our total leverage position while still going ahead with the greenfield project. So that's quite a comfortable level for us, maintaining million ton plus production capacity in pipe by keeping up say Rs. 1,500 crores to Rs. 2,000 crores total net debt level, it's something that we are targeting to achieve, and is very much in our grasp.

Aashav Patel: Got it Sir. And just wanted to understand what your thought in terms of selection of product is when it comes to a greenfield expansion because what we have also been hearing is that we have been seeing a steep competition from some of the non-listed DI manufacturers in terms of the margins, they are aggressively pricing their product compared to what pricing we are

doing. So, don't you think there is so much of competition in terms of the supply side is also increasing for the DI, so don't we plan to enter into newer products for the greenfield?

Madhav Kejriwal: Most definitely sir, there are new products that are being envisaged. We mentioned before that as a Company we wish to move towards a manufacturer and supplier of the entire water infrastructure space. So, slowly we are covering all products, very recently we set up a small production line for gaskets also which goes into the pipeline. And similarly, in the new production facility, we will add products that go into the water infrastructure space beyond just fittings and pipes.

Moderator: Thank you. Ladies and gentlemen, we take that as a last question and conclude the question-and-answer session. I would now hand the conference over to the management for their closing comments.

Madhav Kejriwal: I would like to thank all our investors for dedicating a valuable time and engaging with us during this concall. I want to reaffirm that the Company is not only expanding but also preserving the robustness of its balance sheet. Moreover, we are strategically poised to capitalize on the increasing domestic and global investments in water infrastructure. Should the investors have any further questions, please reach out to E&Y, our Investor Relations consultants. Thank you.

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