

Electrosteel Castings Limited
Q4 FY '26 Earnings Conference Call
May 18, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY25-26 Earnings Conference Call of Electrosteel Castings Limited.

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 will now hand the conference over to Mr. Hiral Keniya from EY LLP for opening remarks. Thank you and over to you.

Hiral Keniya: Thank you, Ryan. Good evening, everyone. On behalf of Electrosteel Castings Limited, I welcome you all to the company's Q4FY26 & FY25-26 Earnings Conference 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 some forward-looking statements that are subject to various risks, uncertainties and other factors, which would be beyond management's control. We kindly request to bear in mind that there might 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 an interactive Q&A session.

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

Madhav Kejriwal: Very good afternoon, everyone, and thank you all for joining us today. I would like to thank all our shareholders, customers, lenders, employees and business partners for their continued trust and support throughout the year.

FY 25-'26 has been a challenging year for the water infrastructure sector. The domestic Ductile Iron Pipe industry operated in a relatively subdued environment. This is mainly on account of slower execution of water infrastructure projects by the states due to the delay in funds disbursement under the key government programs, mainly the Jal Jeevan Mission.

Our exports business performed well during this year, helping us diversify our revenue mix and partially offsetting the softness in the domestic market. We continue to deepen our presence in international markets and remain optimistic about future export opportunities. Our sales volumes towards exports during FY 25-'26 has increased by 7%, which is largely contributed by the Middle East. We were able to do good business in Q4FY26. However, there will be an impact on the sales to the Middle East starting from March '26 onwards due to the US-Iran conflict. I would also like to take this opportunity to touch on our acquisition of T.I.S. Italy, which is our manufacturing wing. As per our expectations, the company has performed well with some challenges towards the end of the year.

Revenue grew by 15% in the Calendar Year 25 to EUR 41 million versus 2024 and EBITDA margins also improved. Our vision is to double the revenue in the next 4 (four) years. We have already started the development work for Valvecastings in India and look forward to production soon. Despite all the challenges, we continue to manage our operations with discipline, maintaining positive cash flows and building a strong balance sheet with nominal long-term debt. The approval of the Jal Jeevan Mission 2.0 marks a significant and long-term positive development for the Indian water infrastructure sector.

The budget outlay has been extended to INR 8.69 lakh crores up to December 2028. The Central Government has enhanced its contribution to INR 3.59 lakh crores from INR 2.08 lakh crores. With this enhanced outlay extending up to December 2028 and increased budgetary commitment from the Central Government, the program reaffirms the Government's continued focus on providing safe drinking water connectivity across the country and strengthening water transmission and distribution infrastructure. With this positive development, we are hopeful and expect some demand to restore by early 2nd Quarter of this financial year. We believe that JJM 2.0 along with continued investments in urban infrastructure, sewage networks, irrigation and the much looked forward to river linking project will create substantial medium to long-term demand opportunities for the Ductile Iron Pipe industry.

I would like to reinstate and reaffirm that our integrated manufacturing operations and strong distribution network continue to provide us with strategic advantages in serving both domestic and overseas markets. As we move into the new Financial Year, we remain cautiously optimistic. While some near-term challenges may continue in certain regions due to project execution timelines, global geopolitical stresses, we feel the overall industry visibility has improved meaningfully compared to earlier quarters. We expect demand momentum to

strengthen gradually as execution under JJM 2 accelerates and Government spending gains pace.

With this, I would like to now request Mr. Ashutosh Agarwal, our Whole-Time Director and CFO to take you through the operational and financial performance for the year in greater detail. Thank you once again.

Ashutosh Agarwal:

Thank you, Madhavji. Good afternoon, everybody. I will take you through some financial details of the company for the 4th Quarter as well as for the Full Financial Year.

Sales volume of DI Pipe, Fittings and CI Pipe during the 4th Quarter FY26 stood to 1.48 lakh tons down by 21% year-on-year basis. In 2025-26 full year, the sales volume was 5.84 lakh tons, 25% decline from the previous year, which thus impacted the overall financial performance of the company.

The decline in the volume was primarily due to slowdown in the domestic market. However, export pipe volume grew by 7% in FY2025-26, partially offsetting the weakness in domestic market and providing support to overall business performance. At a standalone basis, gross debt as on 31st March 2026 stood to INR 1,202 crores, which decreased by INR 598 crores from the previous year.

The long-term debt stood to INR 352 crores and short-term debt stood to INR 464 crores. I will now take you through the consolidated results of the 4th Quarter FY26 and full year FY 2025-26. Total income stood to INR 1,530 crores in the 4th Quarter FY26 and INR 6,133 crores for the full year. Sales were lower year-on-year primarily due to reduced volume in the domestic market. EBITDA including other income for the 4th Quarter FY26 stood to INR 99.3 crores with EBITDA margin of 6.5%.

For the full year, EBITDA stood to INR 573.6 crores with EBITDA margin of 9.4%. PAT for the 4th Quarter FY26 stood to INR 15.9 crores and for the full year it is INR 161.5 crores.

Now I am moving to the standalone results for the 4th Quarter FY26 as well as for the full year. Total income for the 4th Quarter FY26 stood to INR 1,228 crores, lower year-on-year basis by INR 372 crores. For the full year it stood to INR 5,228 crores due to lower sales volume.

EBITDA including other income for the 4th Quarter FY26 stood to INR 57 crores with EBITDA margin of 4.7% and for the full year approximately INR 499.5 crores with EBITDA margin of 9.6%. PAT for the quarter was a loss of INR 10.7 crores while the full year it stood to INR 131.3 crores.

In this position, Board has decided to reduce the dividend from 140% to 90% subject to shareholders' approval. While 2025-26 remain challenging due to softer domestic demand, we believe that long-term outlook for the water infrastructure sector continues to remain strong.

With this, now I am opening the floor for the question-and-answer session. Thank you.

Moderator: Thank you. We take the first question from the line of Riddhesh Ram Gandhi from Discovery Capital. Please go ahead.

Riddhesh Ram Gandhi: I just wanted to understand, a few years ago we read a number of reports about how the opportunity in Ductile Iron Pipe for many, many years was going to be extremely strong and the opportunity was extremely high and obviously over the last year or so, we have seen the demand fall off quite materially and supply also increase materially. So, is this new normal? I just wanted to know what has changed?

Madhav Kejriwal: There were certain issues around the way Jal Jeevan Mission has been implemented so far and going through that the scrutiny and the complete blocking off of central funds over the last 1.5 years is the main cause for the sudden drop in the demand. JJM constituted 50%-60% of the industry's total demand and we never expected that due to some irregularities, we will be in a position where there will be such a strong and such a sudden handbrake from the spending on that front. So, this is the major reason. In my opinion, most definitely this is not the new normal, this is the rock bottom. Of course, at the time of the last year and the year before that, we were quite certain that, that is also not a normal, that is the upper end, here we are at the lower end. So, I am fairly certain that we will go back to our older days of earning 15%-16% EBITDA level and maybe the volume growth will be a little more, I would say, less jumped and more slow, but definitely we are not at all thinking that the industry running at 50% capacity is the new normal.

Moderator: Thank you. We take the next question from the line of Pinaki Banerjee from AUM Capital Pvt Ltd. Please go ahead.

Pinaki Banerjee: Good afternoon, Sir. Thanks for the opportunity. Sir, you have mentioned that Jal Jeevan Mission 2.0, you are expecting a sizable chunk of business, but actually you have also mentioned that this Jal Jeevan Mission 1.0 actually where there was a slowdown in government regarding the projects and blocking of funds. So, how optimistic are you in this segment, first?

Madhav Kejriwal: Sir, all the scrutiny that had to be done has been done and after that revitalized Jal Jeevan under the name of Jal Jeevan Mission 2.0 has been taken out by the government. The Cabinet has approved it. States are now being allocated funds. There is a very strict regulatory prerequisite that is needed from the states for the disbursement of the funds to take place. So, it's moving towards it is being a more foolproof funding mechanism. So, the fact that the Central Government is spending so much time and effort towards this exercise, it's a clear

indicator that it is still a part of their priority otherwise they would have dropped it by now and I am very certain that being the pet project of the Honorable PM, this is going to be something that he is going to see to the very end.

Pinaki Banerjee: Sir, my next question is in this year, actually the exports were a cushion to you to report a steady number, but now due to this Middle East crisis, how are you coping up or what will be your strategy going forward?

Madhav Kejriwal: Sir, the Middle East impact is definitely going to have a somewhat downward pressure. Middle East contributed to approximately 50% of our exports. Saying that, I think with the improvement in the domestic market starting Quarter 2, and say mid-Quarter 2, there will be some improvement from that aspect and for the remainder of it, I think a little bit of product diversification that we have done with valves will help us create some cushioning.

Pinaki Banerjee: Okay. Sir, and just one last question, I will just squeeze in. Sir, in the balance sheet, you are showing us investments Rs. 531 crores. So, the current investments, are they liquid in nature?

Ashutosh Agarwal: Almost liquid in nature.

Pinaki Banerjee: Okay. So, considering that cash and bank balance and these investments add up to around Rs. 800 crores. So, how do you plan to deploy these funds?

Ashutosh Agarwal: As we have declared that we are also setting up a Paint plant. Some money will be invested there. Balance we are earning interest from that. Some portion will set up a valve plant in India.

Pinaki Banerjee: That's all from my end. Thank you and all the best for the future.

Moderator: Thank you. We take the next question from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah: Hi, Sir. Thanks for the opportunity. So, my first question would be, so just want to understand in our PPT, we have mentioned that there is a fund release from government end of INR 15,000 crores. So, just want to understand if you can spell out how much money is still pending from government end to be released or need to be released and how this situation will pan out like in Q2, what are we seeing is the release of funds gradually or we have been seeing a new tender is being opening up, which will create a new opportunity for the company as well as the industry?

Madhav Kejriwal: So, Sir, the government budget for this particular financial year under JJM is INR 67,670 crores. Just a correction, sir, the disbursement that was done last year was not INR 15,000 crores, it was INR 1,500 crores because the cabinet approval came at the very end of the financial year. But nevertheless, this is a fund that has been released after many months. So, it was a few drops of water on a very dry soil. Saying that, I think the government of West Bengal post the

election announced some INR 2,700 crores and as such there has been MOUs being signed with various states for disbursement of money. So, I think Q2FY27 onwards, as I said, the jumps will not be very sudden, but it will be a steady increment of demand increasing over 3 to 6 months and that will help us position ourselves back to strength. I am fairly certain that Q3 & Q4 of this financial year, you will see us slowly getting back into the saddle.

Pujan Shah: Sir, I just want to continue with the same question. So, obviously, I understand the situation as the fund flow has not been released, so the new activity might not be happening up. But I just want to understand, can we see the new tenders being flowing around right now or it is very early to say due to all the situation crisis has already halted all the operations, which EPC needs to make?

Madhav Kejriwal: No, sir. Inquiries from customers have started coming in now.

Pujan Shah: But it is on a meaningful way or it is just beginning of a very nascent stage?

Madhav Kejriwal: It is somewhere in the middle of both, Sir. It is not nascent for sure. There is serious interest from our customers for supplies even within this quarter. So, it is not that it is nascent, but at the same time, it is not close to its fullest potential. So, it is somewhere in the middle of the two.

Pujan Shah: Got it, sir. And, sir, the Jal Jeevan Mission 2.0 might end in December '28. So, I understand that there might be delay in terms of execution. But I just want to understand on a broader aspect, then what are the demand drivers that will be there forward to 2028 that will ensure our growth and growth trajectory towards what we want in a sustainable manner?

Madhav Kejriwal: Sir, post-2028, the two largest drivers for demand for us will be irrigation and something linked to it, which in my opinion will give us a good impetus is the river linking project. Along with that, demand from the urban sectors and the rising pressure for increasing infrastructure in tier 2, tier 3 cities is also seeming to contribute overall, although it is not something as big as a Jal Jeevan Mission, but it definitely has its own contribution. These are going to be the main drivers for DI Pipes. And for us at Electrosteel, our recent diversification into valves, which is a water-specific product, but it is not specific to Ductile Iron as a material. It is used regardless of what pipe material is being utilised. And our other investment diversification that we are looking at, such as paints, is going to help us cushion ourselves against any undulations as we have faced over the last 1 & 1.5 years.

Pujan Shah: Got it. Can you give us a brief idea on how much money receivables it has been stuck in fund flow from JJM and how much it has been released till date?

Gaurav Somani : There is no significant funds stuck for us because we are supplying to EPC players. So our collections are mostly on time. Our debtors, what you see, are regular debtors. So, it is not any significant overdue one.

Pujan Shah: Got it. My last question would be on the coal block. I just want to get an update on the coal block amount. Can you give a specification of what is happening?

Madhav Kejriwal: So, the soft cost for the one particular asset, which is the shaft and inclines, is yet to be announced by the Ministry. The hard costs have been announced and they are roughly similar to what our estimates were. So, it is a long-run process, sir. It will take time, but I am again certain that our numbers are strong. So, these things take time, but they happen eventually.

Pujan Shah: Thank you so much, sir. And all the best.

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

Rajesh Agarwal: Sir, what is our current order book, whether it is 5 months, 6 months, 9 months? First question. And second, sir, what is the difference between Jal Jeevan 1 and 2? What difference does it make to us? And the third question is, the amounts of money which is getting released now, are they resulting in inquiring our new fresh orders because the pending order itself is huge? These are the three questions.

Madhav Kejriwal: So, our order book at the moment is between 4 to 5 months. When you say new orders, all the tenders that were to be released under Jal Jeevan Mission have already been released. Of course, there are always some adjustments to those tenders, but a lot of those tenders are yet to be allocated to EPC contractors and then in turn coming to us. While that is the case, there is also, as we have 4-5 months of order book, other manufacturers have 4-5 months of order books. On top of that, contractors have tenders which they have worked, for which they have not yet placed the order. So, these three are major drivers. I mean, if you put aside the orders that we have already booked, orders with contractors that are yet to be booked and tenders for which contractors are yet to be allocated, these two are the main driving forces under JJM.

Rajesh Agarwal: Any rough idea what is the quantum of orders in terms of volumes, metric tons? The tender, the old one, everything?

Madhav Kejriwal: I would say around 3 to 3.5 million tons.

Rajesh Agarwal: So, the chances of us backing, what is our strike rate of backing the orders?

Madhav Kejriwal: We have around 20%-25% of the domestic market.

Rajesh Agarwal: And Sir, whenever the order comes and the plant runs in capacity, the EBITDA margins will come back immediately, 15%-16% EBITDA margins?

Madhav Kejriwal: Sir, immediately, as I said, it will be a steady growth rate but I am fairly certain that we will get to a 15% EBITDA margin.

Rajesh Agarwal: Is there any pressure from the cost side?

Madhav Kejriwal: We are facing some increments going to the war. I will allow Mr. Katial to give a more elaborate answer on this, please, on cost pressure due to war.

Sunil Katial: On the cost front, principally, the freight has gone up. That is one major component and we have a major input in the form of coking coal which comes from overseas. So, that is one area where the cost is getting substantially impacted. And now, gradually, the energy cost in India also has already gone up by almost 70%-80%. Added to that, now, as a third phase, the government is also raising for general transport also, the diesel and petrol prices are going up. So, that also will impact. Now, these three factors are actually causing a bit of a dislocation of the whole thing. Second is that the movement of ships are also getting delayed which is also creating a type of a problem because the whole cycle of movement is disturbed. So, these are all having an adverse impact on the cost.

Rajesh Agarwal: Sir, going forward, will we be able to pass on the cost? Disruption is a different thing that is due to the war. The cost can be passed on or no?

Madhav Kejriwal: It has a slightly delayed onset in the sense that the cost goes up today because we will have existing order book for the increased sales price to reflect in our performance, it takes around a quarter. Post that, you will see that there is an input of the cost into the selling price.

Rajesh Agarwal: So, the last question, what was the component of exports in this quarter, current Indian quarter?

Gaurav Somani: Component in the sense, sir?

Rajesh Agarwal: Total exporters on the volumes, what was the exporter in terms of value? Suppose, we did INR 1,500 crore turnover at this time, what was the export order?

Gaurav Somani: So, exports contributed for this quarter around 23% of our revenue.

Rajesh Agarwal: Okay. So, going forward, it can be the same year for exports?

Madhav Kejriwal: With the expectation of the Indian market picking up and with the Middle East being a little muted, we are seeing that this will come down to probably 17%-18%.

Rajesh Agarwal: Okay. Thank you, Sir.

Moderator: Thank you. We take the next question from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Sir, taking into account our deliverables for the current financial year, what is the likelihood for this current year not factoring in what Madhavji was mentioning in terms of Q3 and Q4, we are seeing an uptick. In the normal course of business with the type of sentiment that currently is, what should be the deliverables for the year and what should be our EBITDA margin trajectory?

Madhav Kejriwal: Sir, can you elaborate a little bit on what you mean by deliverables?

Saket Kapoor: Deliverables means, Sir, what is the delivery of the scheduled pipe for this financial year?

Madhav Kejriwal: Sir, we are expecting that we will have a dispatch of around 7 lakh tons approximately this financial year. This is including our export numbers. And in terms of our EBITDA margins, I think, considering a slower Q1 & Q2FY27 and a slightly better Q3 & Q4FY27, approximately 13%-14% is achievable.

Saket Kapoor: On a consolidated basis for the year?

Madhav Kejriwal: Yes, please.

Saket Kapoor: Sir, when we mentioned 7 lakh tons, it is only about the pipe or pipe fittings and everything altogether?

Madhav Kejriwal: This is just our pipes.

Saket Kapoor: Okay. So, our number was 5,84,000 for pipe fittings. So, if you could give the pipe number?

Madhav Kejriwal: It will be around 7.4 lakh tons, please.

Saket Kapoor: Sir, then about the Italy acquisition, what is the current order book and what steps are we taking exactly, sir? What kind of revenue profile will open up in times to come? I think with product development, what are we eyeing to achieve from this investment?

Madhav Kejriwal: So, Sir, this financial year will be a bit more stable than a growth-based trajectory because of the issues around the supply chain. Valves is also a business which has a lot of components coming in from many different parts of the world. So, this pressure on freight costs is going to have a bit of impact on our overall business. But our projection is that we will double up our revenue in the next four years. That is approximately a 20% growth rate. That is what we are eyeing. This will be contributed through India, the Middle East and Europe.

Saket Kapoor: Okay. Sir, just two small points. On the revenue profile, how should DI work, meaning it should be at the optimum level. If you could just give in rupee terms, how should this entity perform?

Madhav Kejriwal: So, last year they had a revenue, if you consider the calendar year was approximately INR 400 crores. We are seeing that this financial year, instead of a 20% growth rate, we should probably hit a 14%-15% growth rate. So, I think around INR 450 crores. The last entire year's revenue is not reflected in our books because the company was acquired in August 2025. So, what you see in the books of accounts is a half-year situation. They were running on a calendar year basis. So, if you consider this calendar year, I think they should be at around INR 440 -INR 450 crores.

Saket Kapoor: And margin profile?

Madhav Kejriwal: 14%-15%.

Saket Kapoor: And, when you mentioned 7 lakh ton of pipes, you are factoring it that the Jal Jeevan and all schemes will be gaining traction from Q3FY27 onward. That is what the hypothesis is, currently?

Madhav Kejriwal: Steady traction, sir, not pedal to the metal traction. We are considering, as we said, we are being cautiously optimistic, not overtly optimistic.

Saket Kapoor: And, Sir, the last part is on the promoters buying. I think the promoters have endorsed their faith by upping the stake from the open market acquisition. So, for your minority shareholders, what should they anticipate? Are we done with our exercise or we can look forward for the activity or you still find value to invest more?

Madhav Kejriwal: Sir, at this moment, we invested what we were capable of investing from the promoter's side. Of course, we also have to look at our personal financial capabilities more than just the confidence of the company. I think going forward, definitely, if we could, we would invest further.

Saket Kapoor: And it was the lower challenges only that led to the standalone losses for this quarter or the lesser absorption of fixed costs or what could be the main reason for us posting, not being able to cover our finance costs and other aspects and reporting losses of INR 7 crores on a PBT level?

Madhav Kejriwal: Sir, loss of tonnage, there is an exceptional cost of around INR 38 -INR 40 crores on account of the new labour rules. That and definitely, the margins being squeezed due to a dearth of demand, these are the three major factors due to which we booked a loss.

Saket Kapoor: Then the realization for Pipes are also down, sir? Are the pipes realization also lower because of overcapacity in the system and lesser demand from, the lesser amount of pickup of stock from EPC players?

Madhav Kejriwal: Yes, sir. I think as similar to what is reflected by a lower EBITDA margin, our cost to realization delta has reduced. That has also caused a downward pressure on the profitability.

Saket Kapoor: One should conclude that even for Q1FY27, sir, this is the trend because the things have not changed as of now. We are already half of what 45 days into the quarter, so there is no further change in the profile for the company's operating and financial performance?

Madhav Kejriwal: Nothing substantial, sir.

Saket Kapoor: Okay, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.

Rajesh Bhandari: Sir, just like you said that we have an order book of 4-5 months, so after that also we expect orders from the contractor. Do contractors have the orders?

Madhav Kejriwal: Yes, sir. Contractors have substantial orders, plus there are tenders for which the contractors have not yet been selected. So, both of these factors are there.

Rajesh Bhandari: Not like, we have problems in orders after 4-5 months?

Madhav Kejriwal: No, sir. I am optimistic that after 4-5 months, things will get better, not worse.

Rajesh Bhandari: Sir, as you told that, in budget, INR 8.69 lakh crores total budget, INR 3.59 lakh crores is given by center and INR 5.1 lakh crores is given by states.

Madhav Kejriwal: Right, sir.

Rajesh Bhandari: So, this budget is only for Jal Jeevan Mission or is it also to Irrigation system, River linking, Urban Infra, Sewage system, everything included?

Madhav Kejriwal: This is just Jal Jeevan Mission, sir.

Rajesh Bhandari: And this Jal Jeevan will finish in December '28, after that there will be no orders from there, then we are dependent only on these river-linking, Irrigation system and all that?

Madhav Kejriwal: Sir, it's not that it will go away today. Rural demand which is under Jal Jeevan is giving us 50%-60% of the total demand. I am fairly certain that even after these investments, it will go down to probably half of what it is today, so it will still contribute to 25% of the demand. It cannot be that it will completely go away because even when we started, there were X number of households which were having water but those pipelines are old, they need replacement, there is always some repair work going on. The 19-crore number that was there was based on an

earlier population consensus. I am sure they will find that they will need to keep investing, albeit in a smaller scale and more state level than central, but some investments will keep coming up.

Rajesh Bhandari: Sir, after December '28 also, we will have Jal Jeevan Mission to some extent.

Madhav Kejriwal: Sir, I will give you an example. Haryana as a state has achieved 100% tap connectivity, but they still have tenders coming up in rural. So, it's not that it will go away. It might not be called Jal Jeevan Mission, but rural India's demand for pipes will continue.

Rajesh Bhandari: Sir, so we can expect, how much tonnage in manufacturing we can expect?

Madhav Kejriwal: Approximately 7 lakh tons.

Rajesh Bhandari: But our total capacity is 9 lakhs ton, sir?

Madhav Kejriwal: Between 8.5-9 lakh tons, right.

Rajesh Bhandari: Sir, our past glory, when we will be able to do it or won't be able to do, may be a few years from now?

Madhav Kejriwal: Sir, past glory, it was said that the EBITDA margin is 19%-20% in the quarter, that is an optimistic situation. Similarly, now we are in a pessimistic situation. So, according to me, we will stabilize at 15%-16%, worse case 14%. We will stabilize at this level and EBITDA will remain at 13%-14%, 12%-14%. But I think 14%-16% bandwidth as opposed to 17%-18% that we were hitting at the optimistic level is doable, sir, because even before JJM and pre-COVID, the Indian Ductile Iron Pipe industry had an average EBITDA level of 15%. So, that is pretty much doable.

Rajesh Bhandari: I remember, sir, you said two years ago that we have never seen such a best time. Such a good time is going on now. So, when can we expect that situation again, sir?

Madhav Kejriwal: Sir, that is very cyclical. Just like in the steel industry, there is an opportunity like that once in ten years. Similarly, in our business too. Optimism at that level is difficult to predict. I can give more of a stable size at where we can go. I was quite sure that that is a glory year's situation. It is not that it will not return, but it is difficult to pinpoint that it will come exactly at this time.

Rajesh Bhandari: Yes, I understand. But in 2-3 quarters, the results have been quite problematic. So, better results, better profit, like you gave in the past, when can expect those kind of profit, sir?

Madhav Kejriwal: Sir, we can expect stable profits at that level from the next financial year, depending the kind of geopolitical situation we have.

Rajesh Bhandari: Yes, I understand. So, how much is your contribution in foreign countries?

Madhav Kejriwal: 20%-22% of our sales are in exports, sir.

Rajesh Bhandari: Okay, 20%-22% And did you get money from JSW?

Madhav Kejriwal: Sir, some amount has been released to us for a particular asset. Its hard cost has been released. The numbers were close to our number but slightly lesser. Time 44:36

Rajesh Bhandari: But you got it a year ago, sir.

Madhav Kejriwal: No, after that another disbursement happened, sir.

Rajesh Bhandari: Okay.

Madhav Kejriwal: Slowly-slowly disbursements are happening and it will take time, sir. This is a long-run process. There is a hard cost, soft cost element to all the assets that are there. They will go through that process slow and steady. JSW is also facing some delays in their approvals for the mining. You know how things move, sir, in this regard.

Rajesh Bhandari: Means, in the second half of FY 2026-'27 and further, we can expect the same Electrosteel Casting as in the past?

Madhav Kejriwal: I am very hopeful, sir. We are also investing and diversifying in different products, so that should help give us some boost.

Rajesh Bhandari: Different products like?

Madhav Kejriwal: Valve has already done it, sir.

Rajesh Bhandari: Yes, Valve has already done it, sir. It has been over a year now.

Madhav Kejriwal: No, sir. A company came to us in August.

Rajesh Bhandari: Okay, 9 months. So, can we expect a good business in India?

Madhav Kejriwal: Definitely, sir.

Rajesh Bhandari: There is another company in Calcutta for valve. They are also into the same kind of valves? Worthington Pumps.

Madhav Kejriwal: Not entirely, sir.

Rajesh Bhandari: Okay. In India, do we have a kind of a monopoly?

Madhav Kejriwal: No, I wouldn't say we have a monopoly. There are other companies also, international companies that are there in India. But, of course, they don't have the team strength and the reach, depth that we do with our customer base.

Rajesh Bhandari: They will only have Valve. You have Valve, you have pipe, you have everything.

Madhav Kejriwal: Yes, sir.

Rajesh Bhandari: So, that will help us in getting our turnover also?

Madhav Kejriwal: Yes.

Rajesh Bhandari: Because Valve will have a much better profitability?

Madhav Kejriwal: Margins, imply a better company.

Rajesh Bhandari: Okay, sir. All the best to you, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Ankit Puri, an individual investor. Please go ahead.

Ankit Puri: Hi, good evening, Madhavji. I have got two questions. One is, given the significant exposure to government infrastructure and water projects, does the recent change in state governments have any bearing on the project execution, order inflows, payment cycles, approvals or policy continuity? Have you observed any slowdown or reprioritization in decision-making at the state level?

Madhav Kejriwal: Well, two major states where there has been, I would say three states, in terms of their contribution to our business, Kerala, Tamil Nadu and Bengal. These states, of course, there is a small slowdown during the election period and due to the change, there may be a month or so of slowdown. But at the policy level, I don't see the new governments not wanting to pay attention to JIM. Bengal was very quick to announce disbursement, in fact, from the central. They were disbursed money or allocated money rather. Sorry, my apologies. Allocated money, not disbursed. So, I find that whatever slowdown is there is only administrative in nature, not policy or mindset in nature.

Ankit Puri: Alright. The second question I would like to request your views on, we are expecting severe drought conditions this year, as predicted by many, including IMD. Do you foresee any reallocation of State or Central Government spending away from existing infrastructure programs towards emergency relief measures? Or could that affect project execution timelines or order inflows as well?

Madhav Kejriwal: So, the bigger threat at the moment is the energy security of the nation. Drought, of course, has a major impact as well, considering that India is still very largely dependent on its agriculture industry. But it seems the top of the town is the energy sector and there is less being thought of in regard to the Super El Nino effect that we are expecting. Saying that, at one end, it might cause certain delays, although very temporary in nature, maybe a quarter or two, but it will also give us impetus to get the Government to focus on understanding that the time of the old ways of irrigation are over and more and more infrastructure towards piped irrigation needs to be put in place. Pipe irrigation is, to a very large extent, armored against these major issues of climate uncertainty.

Ankit Puri: And if the Iran conflict escalates into a prolonged energy disruption, do you expect the impact to be primarily on the input costs, supply chain, continuity exports or demand destruction as well?

Madhav Kejriwal: In my opinion, there will be an impact on both demand and on supply chain and input, but the contribution of the disruption from demand side will be lesser. There will be a higher impact of cost and supply chain. But definitely all three will be impacted, there is no doubt about that.

Ankit Puri: Lastly, you had earlier indicated plans to expand into industrial paints and protective coatings. Could you elaborate on the business roadmap here, including target industries?

Sunil Katial: On the paint front, in fact we are getting into industrial paint segment and the plan is that we have principally driven a five-year roadmap by which we will go to a business revenue topline of around INR 600 crores by that time.

Ankit Puri: What is the initial outlay? Is INR 200 crores expected to be spent over how much period?

Sunil Katial: This is expected to be spent over a span of 1.5 to 2 years roughly.

Ankit Puri: When do we see the positive effects being reflected in the bottom-line?

Sunil Katial: Bottomline, from Financial Year 2028-2029, we will see a positive impact of that.

Ankit Puri: Alright sir, that will be all from my side. Thank you very much, all the best to you all.

Sunil Katial: Welcome.

Moderator: Thank you. We take the next question from the line of Hari Kumar, and individual investor. Please go ahead.

Hari Kumar: Ken-Betwa, out of this INR 40,000 crores, how much of that share could be pipeline work, sir?

Madhav Kejriwal: Around 10%-15%, please.

Hari Kumar: Okay, sir. And this feasibility reports like DPRs have been completed for river projects, like when can you expect them to be executable stage, sir?

Madhav Kejriwal: So, sir, every project is in a different stage. As you mentioned, Ken-Betwa is in the further most advanced stage. Then there is the river link between Rajasthan and MP. And there are some works going on within Tamil Nadu and within Maharashtra as well. So, each project will have its own timelines. It's difficult to say that, it's not one project really. It's all under the garb of river link, but there are many multiple, and each project very mega-sized being executed at different timelines. So, I feel that river link as an overall subject will take our country around probably 5-7 years to execute.

Hari Kumar: Is there a policy taken that they would be through pipes and not open canal, sir?

Madhav Kejriwal: So, up to a certain mass, it has to be done through open canal, sir, because you cannot use pipes to move that level of water. The main vein that will be used to connect the rivers has to be open canal. But all the subsidiary pipelines that will come out, all the routes that will come out from that main vein, those will all be in pipes. And they will contribute to irrigation, to rural water supply, and in some cases even Urban water supply.

Hari Kumar: Okay, sir. That's all from us. Thank you very much.

Moderator: Thank you. We take the next question from the line of Rajesh Agarwal for Moneyore. Please go ahead.

Rajesh Agarwal: Sir, my question is on the Jal Jeevan Mission 2.0, which has been, is there has been a condition that if the last mile water connectivity has to come on the track, only then the payments will be released. So, then the EPC contractors will get less cycle of money, and that in turn will result in our payment also getting delayed?

Madhav Kejriwal: I wouldn't say that will result in the payment getting delayed, but as I mentioned, the growth for demand, which was more like a floodgate release during the previous years, that will become bit more steady. So, there will be stability in the demand, which has a positive aspect to it also, that there is no ups and downs. It's not that there will be a major delay on the payment, because even the EPC contractors through the last few years of experience of a massive upswing and a massive downswing, have started operating in a more stable way rather than being extremely opportunistic.

Rajesh Agarwal: So, working capital cycle may get elongated?

Madhav Kejriwal: I don't foresee that happening, sir, because we are hedged across multiple states, and it's not just Jal Jeevan Mission. So, even with Jal Jeevan Mission, it is still 35%-40%, or even lesser in

fact, actually 35%-40% of our contribution to demand today, for Electrosteel specifically. So, within that, even if it goes up by 10%, it's not so much of a difference really.

Rajesh Agarwal: And last question, what will be the CAPEX and the maintenance CAPEX in FY 2026-'27?

Ashutosh Agarwal: Around INR25 -30 crores.

Rajesh Agarwal: That will be maintenance CAPEX?

Madhav Kejriwal: Maintenance CAPEX, yes.

Rajesh Agarwal: No new CAPEX?

Madhav Kejriwal: So, for the Paint plant and for our Valve plant in India, which are both in design and development stage, these two will have a CAPEX, but of course, we have not determined exactly how much will be required this financial year, how much will flow into the next financial year, because the plants are still in design stage. So, this will take some time.

Rajesh Agarwal: So, in two years it can be how much, if you can quantify that, INR 200 to INR 300-odd crores?

Madhav Kejriwal: Between INR 200 to 250 crores.

Rajesh Agarwal: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we take that as the last question and we conclude the question-and-answer session. 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 thank you for your continued trust in our company. We remain committed to driving sustainable growth, strengthening our balance sheet and creating long-term value-add for all our shareholders. We appreciate your support and we look forward to updating you on our progress in the coming quarters.

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