Electrosteel Castings Limited
Q1 FY '27 Earnings Conference Call
August 07, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY '27 Earnings Conference Call of Electrosteel Castings Ltd.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Hiral Keniya from EY LLP. Thank you and over to you, sir.

Hiral Keniya: Thank you, Steev. Good afternoon, everyone. On behalf of Electrosteel Castings Ltd., I welcome you all to the company's Q1 FY '27 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. Rajesh Daga – 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 some 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 for his opening remarks. Thank you and over to you, Sir.

Madhav Kejriwal: Thank you, Hiral. Very good evening, everyone, and thank you for joining us for Electrosteel Casting's Q1 FY '27 Earnings Conference Call. I would like to thank all the stakeholders for their continued trust and support in us.

Over the past few quarters, the ductile iron pipe industry has operated in a challenging environment due to slower project execution, delayed fund disbursements and liquidity constraints at the state and municipal levels. While the external demand environment remained challenging, we stayed focused on what was within our control. During this year, we implemented a broad-based structural cost optimization program across our operations, strengthening operating efficiencies and creating a more competitive cost base that will support profitability and operating leverage as volumes recover. We are encouraged by the approval of Jal Jeevan Mission 2.0 with the enhanced outlay of Rs. 8.69 lakh crores, including the Central Government support of Rs. 3.59 lakh crores increased from the erstwhile Rs. 2.08 lakh crores. Alongside the continued focus on AMRUT 2.0 irrigation and the river linking projects, this provides a strong long-term visibility for the water infrastructure investment. The irrigation sector continues to present significant opportunities with several states increasingly adopting piped irrigation systems to improve water efficiency and reduce transmission losses. In case of river linking projects, we are hopeful to see demand coming in from the Ken-Betwa project involving a total project cost of Rs. 44,000 crores and the Parbati-Kalisindh-Chambal Link project between Madhya Pradesh and Rajasthan, which is also expected to commence shortly with project value being around Rs. 90,000 crores. There are many other such schemes upcoming which are expected to benefit the Ductile Iron pipe industry in the long term. One such is the Urban Challenge Fund with a total investment of Rs. 4 lakh crores to address the rapid urbanization of our country.

Further momentum is expected from the recently approved Modernization of Command Area and Development and Water Management or in short MCAD scheme with an initial outlay of Rs. 1,300 crores for the modernization of irrigation water distribution systems through underground pressurized pipeline networks. Higher budgetary allocations and faster fund releases are expected to improve execution momentum, particularly in the second half of FY '27.

Our subsidiaries in the overseas markets such as U.K., Europe and the USA have also been doing much better than our expectations, which is evident from our consolidated performance. We continue to deepen our presence in these countries alongside increasing the market in Africa and Southeast Asia. We are also strengthening our position across the water infrastructure value chain through the acquisition of T.I.S. Service S.p.A. Italy. This has expanded our product portfolio and enabled us to offer integrated water transmission solutions and also helps us further strengthen our global presence. During the quarter, T.I.S. delivered EUR 10 million in revenue, representing a sequential growth of 18.4% over the previous quarter with EBITDA margins improving to the mid-teens. The business continues to perform in line with our expectations. We also expect our valves manufacturing facility in India to commence operations by the end of this financial year, supporting future growth and improving profitability. As we mentioned in the last call, our target is to double the revenue from valve segment in the next four years and we are on track to achieve the same.

Taking a cue off the water infrastructure space, as a part of our diversification strategy, we are entering the industrial paints and protective coatings business, leveraging our existing expertise in the paint manufacturing used on our pipes. We will initially focus on high-value industrial and protective coatings and scale this business through phased investments. We aim to establish a meaningful presence in this segment and target annual revenues of around Rs.

800 crores to Rs. 1,000 crores in the next five years. To support this growth, we plan to incur CAPEX in a phased manner of around Rs. 250 crores to Rs. 300 crores. Despite the challenging operating environment, our balance sheet remains strong, providing the financial flexibility to pursue growth opportunities while also maintaining a prudent capital structure.

With that, I would like to now hand over the call to Mr. Rajesh Daga, CFO, who has recently taken over from Mr. Ashutosh Agarwal. Mr. Daga has been with us at Electrosteel since 1989. Throughout his tenure, he has held key positions across diverse functions, including finance, accounts, purchase and sales.

He will take you through the operational and financial performance of the company in greater detail. Thank you.

Rajesh Daga: Thank you, Madhav ji. Good afternoon, everyone, and thank you for joining us. It is a privilege to address you for the first time as the CFO of the company.

Let me begin by introducing myself. I am Rajesh Daga, a Qualified Chartered Accountant. I joined Electrosteel Castings in 1989, immediately after qualifying as a CA, and it has been my privilege to be associated with the company over three decades. Over the years, I have had the opportunity to serve the organization in a variety of roles across different functions, making this a truly enriching and rewarding journey. Before taking over as a CFO, I headed the company's domestic marketing function for the past 25 years, which gave me a valuable insight into our business, customer and industry.

Before I proceed further, I would like to acknowledge the outstanding contribution of my predecessor, Mr. Ashutosh Agarwal, whose financial leadership, discipline and strategic guidance have played a significant role in strengthening the company's financial position and governance standard. With this, I would now like to take you all through the performance of Q1 FY 27.

Sales volume of DI pipes and fittings and CI pipes during the first quarter stood at 1.20 lakh ton, down by 27% year-to-year. The decline in volumes is due to slow down primarily in the domestic market. This quarter volumes in export market too was impacted due to Middle East tensions. At consolidated level, gross debt and net debt as on 30th June 2026 stood at Rs. 1,658 crore and Rs. 876 crore respectively. During the last financial year, the net debt had reduced by nearly Rs. 1,100 crore and we are focusing on optimization, utilization of the funds.

I will now take you through the consolidated results of Q1 FY'27. Total income stood at Rs. 1,465 crore. Sales was lower on year-on-year primarily due to reduced sales volumes. EBITDA stood at Rs. 139 crore with an EBITDA margin of 9.5%. PAT stood at Rs. 48.4 crore.

Moving to the standalone results for Q1 FY '27:

Total income stood at Rs. 1,119 crore, lower on year-on-year by 21% mainly due to lower sales volumes. EBITDA including other income stood at Rs. 70.6 crore with EBITDA margin of 6.3%. PAT stood at Rs. 5.9 crore. While past few quarters remained challenging due to softer domestic demand, we believe with the government positive steps towards water infrastructure space, the long-term outlook for the DI Pipe sector continues to remain strong. Central Government has allocated Rs. 67,670 crore towards JJM in the union budget for FY '27. Out of this, approximately Rs. 10,344 crore has already been sanctioned to various states during the current financial year till date compared to meagre Rs. 1,560 crore released under JJM in previous financial year. Going forward, we remain focused on operational efficiency, strengthening the balance sheet, maintaining financial discipline and remaining well-positioned to benefit from recovery in the domestic market.

With this, I would now like to open the floor for the question-and-answer session. Thank you.

Moderator: Thank you, Sir. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes in the line of Pritish Urumkar with ICICI Securities.

Pritish Urumkar: Thank you for the opportunity, Sir. My first question is regarding the Jal Jeevan Mission 2.0. So, recently around Rs. 6,000 crores have been sanctioned. So, how much of it is translating into orders for us?

Madhav Kejriwal: So, Sir, the sanctioned amount is around Rs. 10,000 crores. Rs. 6,000 is what is released. So, the rest of the Rs. 4,000 will also be released soon enough. We are seeing an increase in the sentiment in the market with customers approaching for order booking more and more. These are going largely till now towards money spent by states already to the customers. So, it is difficult to establish exactly what quantity has gone into order book directly to us. But in the next month or two, we are finding that speed of order booking is going to pick up substantially.

Pritish Urumkar: Okay. Thank you, Sir. My second question is about the Saudi government has put duties on DI pipe imports. So, is there any impact on us?

Madhav Kejriwal: The total sales of Electrosteel Castings to Saudi Arabia was to a total of, it is about 2% to 3% of our sales. So, that is a quantity that can be diverted to other markets pretty easily. It is not going to be such a problem. And if you see the details, Electrosteel has had an anti-dumping of 17% and other manufacturers from India have had a dumping of 30%. So, in fact, we do not see that a major chunk of our export to Saudi will go down because of this and the small quantity that will also will be very easily diverted to other GCC countries and Africa.

Pritish Urumkar: Can you put into figures like how much you would be impacted?

Madhav Kejriwal: Sir, there is no fixed figure of sale year-on-year to Saudi Arabia. As I mentioned, it was approximately 2% to 3% of our total sales. This quantity, I am assuming, will be down to 1.5%. So, the 1% to 1.5% that we will lose out, that we can very easily divert to other markets.

Moderator: Thank you. The next question comes from the line of Anand Darshan with 360 ONE Capital Market. Please go ahead.

Anand Darshan: Sir, I just want to know what is our estimated DI pipes volumes for this year?

Madhav Kejriwal: So, Sir, we had erstwhile indicated the volume of I think 650,000 tons to 700,000 tons. But due to the slower initial release of JJM, we are expecting to reach a quantity of around 575,000 tons.

Anand Darshan: Sir, what is the export volumes we had in FY '26 and what are we expecting in '27, sir? And which region are we focusing on?

Madhav Kejriwal: So far, we have done around 21,000 tons export.

Anand Darshan: For the current quarter, sir?

Madhav Kejriwal: For the current quarter, yes. And we are expecting that at the end of the year, we will be exporting around between 22% to 25% of our total volumes.

Anand Darshan: Okay. And which region are we focusing on?

Madhav Kejriwal: So, Europe, the U.K. have been our strong markets since we started exporting. Around 60% to 70% of our exports are focused on the Western markets. The remaining 40% is to the Middle East, Africa, and we have recently also started expanding into the Southeast Asian markets.

Anand Darshan: Right. Sir, can you give me the breakdown of JJM volumes for the quarter, sir? We were only operating at 50% utilization estimate, sir. So, still we report an 8 kg per EBITDA. So, what led to this improvement, sir?

Madhav Kejriwal: Sir, as mentioned in the opening speech, owing to the situation of demand, there's a famous saying, when the going gets hard, the hard get going. We decided that we need to roll up our sleeves and figure out how to make ends meet. And the team has taken up great initiatives to cut costs to moderate inventory. So, this is a cumulative effort of the entire Electrosteel team to keep their head above the water. And how I see this helping us in the future is that we are going to come out of this situation even stronger to maximize on the opportunity ahead of us for the next two to three years.

Anand Darshan: Right. Sir, can you give me the breakup of pig iron volumes for the quarter, Sir?

Madhav Kejriwal: If I'm not mistaken, Sir, Pig Iron was approximately 45,000 tons.

Anand Darshan: So, my last question regarding that valve business. So, we are planning to shift that production to India. So, with a lean manufacturing cost system in India, what growth are we expecting from FY '28, Sir?

Madhav Kejriwal: Sir, I wouldn't call it shifting of manufacturing to India. There are certain high value products that are being made in Italy, as on date, which will continue to be made there. We will shift a certain percentage and then double down on the total production volumes. So, I would say going forward, we are looking at the Asian subcontinent to contribute to around 40%-45% of the total business. And the western countries will still contribute to 50-55% or 55% to 60%. This is the outlook that we have over the next three to four years, please.

Moderator: Thank you. The next question comes from the line of Nachiket Kale. Please go ahead.

Nachiket Kale: Good afternoon, Sir. The new presentation is very insightful. Thanks for the updated presentation. My question is on the planned Industrial Paints expansion. We are almost increasing our capacity 4x. So, what is the status and could you tell some timeline on it?

Madhav Kejriwal: So, Sir, initial investment will be to the tune of Rs. 100 crores, wherein we will add capacity by 17,000 kiloliters. We already have a small facility on which we will have to do a brownfield expansion in West Bengal. So, that allows us a quicker return on investment and it will also allow us to better learn the nitty-gritties of the business. We are very certain about the demand of the products that we are tackling. We are looking at getting into, as mentioned, largely protective coatings for industrial purposes and also structural railways, etc. So, that's the current plan. The long-term vision is to take it up to around Rs. 1,000 crores in revenue with an outlay of close to Rs. 300 crores.

Nachiket Kale: Capital outlay?

Madhav Kejriwal: Yes.

Nachiket Kale: Yes, got it. Could you tell some timeline on it as to how many years that would take?

Madhav Kejriwal: Between four to five years, please.

Nachiket Kale: Okay. And like phase-wise, like the first two, three years, what could be the first tranche which comes online?

Madhav Kejriwal: So, Sir, you can say that the first two years will be a little slower. So, maybe we go up to around Rs. 250 crores to Rs. 300 crores in the first two years, post which we will see this number practically doubling every year. So, it will go from Rs. 300 crores to between Rs. 500 to 600 crores and then Rs. 600 crores to between Rs. 800 and 1,000 crores.

Nachiket Kale: Okay.

Madhav Kejriwal: That's why the four to five-year timeline. The first couple of years will be a little slower. You know, what are the equipment that comes, you start moving all these things.

Nachiket Kale: I'm just trying to understand, like, when would be the first commercial production from the capacity expansion?

Madhav Kejriwal: So, the commercial production will start post Q1FY28, I think. You can start seeing the impact of the diversification in the books, albeit small, but you'll start seeing it.

Nachiket Kale: So next Q1?

Madhav Kejriwal: Q1 next year, yes please.

Moderator: Thank you. The next question comes from the line of Sajan V with Green Portfolio. Please go ahead.

Sajan V: My first question is regarding the DI pipe type realization. What was the per ton realization in Q1 FY '27? And if you can tell me about the QoQ and YoY trends also?

Madhav Kejriwal: These are net realizations of around Rs. 50,500 per ton for Q4 FY'26and in Q1 FY'27 is around Rs. 55,000 per ton. On revenue, this would be around, you can say around Rs. 62,000 per ton.

Sajan V: So, the patterns regarding the DI pipe realizations are firming. Can we say they are bottoming?

Madhav Kejriwal: I'm sorry, I couldn't hear you very clearly. The pattern?

Sajan V: The trend, what do you anticipate regarding the DI pipes prices?

Madhav Kejriwal: Sir, of course, as you might have seen, the last one, one and a half years has been extremely muted, especially the last particular financial year was probably rock bottom for the industry. Since it's been there since '1994, I think, at least from my understanding is the worst year Ductile Iron has seen in India. So, most definitely this is rock bottom.

Sajan V: Okay. Understood, Sir. The second question is regarding the order book. So, basically, I just want to know, what is the current executable order book we have and which states are the most active in tendering under JJM 2.0?

Gaurav Somani: So, we have a total order book of around 3 lakh tons, which works out to around five months. So, JJM, this order book, JJM would be around close to 50%.

Sajan V: And which states are the most active and which states are showing good traction?

Madhav Kejriwal: Sir, state-wise, Odisha, Andhra Pradesh are the ones which are doing well. Kerala and Tamil Nadu are also there. UP and Rajasthan now with JJM 2.0 will also pick up reasonably well.

Moderator: Thank you. We'll move on to the next question. It's from the line of Dhruv Joglekar with MNCL. Please go ahead.

Dhruv Joglekar: So, a couple of clarifications actually on the volume side. So, this year, I mean, this financial year in FY26, we had a volume of roughly 5.5 lakh tons. And we are expecting the next year also to be in the similar lines. Earlier, the guidance was about 7 lakh tons. Now, I think in the initial comments, we mentioned 5.5 lakh tons. In spite of the fact that the JJM spend is going up from Rs. 1,500 crore to almost Rs. 70,000 crore. So, let's assume 50% of it is actually consumed out of Rs 70,000 crore. Even then, it is a significant rise. So, what is actually, I mean, I'm seeing something on this. I just wanted to understand that.

Madhav Kejriwal: So, Sir, the reason for the slightly muted numbers is because the first half is substantially slower. The growth will really come in H2 of FY'27. Last year, it was kind of the reverse where H1 of FY'26 still had some leftover demand from JJM, which the states were mostly carrying. Then closer to the beginning of H2 of FY'26, they also ran out of steam. That is one of the reasons. And I think going forward, we are expecting that it takes a little time to restart and get back on to the production level that peak. It takes around a month or two for that to happen as well. So, that will give us a bit of a delay. Just to give you a reference in Q1 of last financial year, we made around 1.8 lakh tons, against which this year, we've got to around 1 lakh to 1.10 lakhs tons. So, this is causing a bit of delay.

Dhruv Joglekar: Okay. So, is it fair to say that if the Rs. 70,000 crore gets consumed in this year, then Q4 and Q1FY'27, the coming Q4 FY'27 and the coming Q1 FY'28, will it be significant up boost?

Madhav Kejriwal: Absolutely.

Moderator: Thank you. The next question comes from the line of Charchit Maloo with Genuity Capital. Please go ahead.

Charchit Maloo: Thanks a lot for the opportunity. So, just a few quick questions. Firstly, on the T.I.S Services, so what kind of revenue was there in Q1 FY '27?

Madhav Kejriwal: Sorry. What kind of revenue?

Charchit Maloo: EBITDA and PAT was there from the a steel facility that you acquired?

Madhav Kejriwal: So the revenue from T.I.S was close to EUR 10 million. The EBITDA margin was around 13% for the first quarter.

Charchit Maloo: And the PAT level, Sir?

Gaurav Somani: That was around 7%.

Charchit Maloo: And going forward in FY'27 and FY'28, how much are we expecting?

Madhav Kejriwal: Sir, by the end of this financial year, we are expecting, as mentioned, it was going to be 20% above last year's average of around EUR 38 million. So, we should be, hopefully, we'll reach a number of EUR 42 million to 45 million in revenue. The EBITDA margin of similarly the 14%-15% level with the PAT of 8% or so.

Charchit Maloo: Good, Sir. And on the debt repayment, so any plans for the debt repayment going forward in F'27?

Gaurav Somani: So, we have our term debt right now stands at around Rs. 340 crores, which will eventually go down to around Rs. 230 crores with the scheduled repayments that we have. And as we mentioned initially in the call, last year, we had seen substantial debt reduction of around Rs. 1,100 crores. So, the debt reduction is a continuous process which is happening. Working capital debt will, you know, depend a lot on the working capital movements.

Madhav Kejriwal: On the business volume.

Gaurav Somani: Right. On the business volume.

Moderator: Thank you. The next question comes from the line of Arun Chulani with First Water Capital. Please go ahead.

Arun Chulani: Thank you for the opportunity. So, looking to the other DI players, they were not that excited even going forward. They were said they're either pausing or they're looking to export. But they weren't very gung ho with the actual states or the government actually pressing play, given the situation on, let's say, energy inflation and having to counter that. What are your thoughts there? Is it just binary wait and see? Or are you actually seeing on the ground traction by states or the government?

Madhav Kejriwal: I'll give you two reasons that back up the thoughts that we have. First and foremost, within the first quarter itself, we've seen 5x the capital outlay from the center, as opposed to what was there in, say, the last 10 days of the previous entire financial year. Being very frank, the election of 2029 is going to be very critical for the center, and they will have to finish this before that. So, I'm fairly certain that the targets that they have to complete this project, I think end FY '28, they will put all efforts to make it happen and this would be a priority exercise for them.

Arun Chulani: I mean, you said the last 10 days of 5x the capital, but what do you mean by that? You mean 5x the orders or 5x the payments? Because part of the issue was they weren't paid. But are you seeing that they're paying now?

Madhav Kejriwal: I'll just clarify what I meant. What I meant was the amount of money they have spent in the entirety of last year, and that too, they spend that only in the last 10 days of the last year. They have already spent 5x or 6x of it this financial year. So, and we are just in the third, fourth month. So, I can see the wheels turning faster and faster and faster.

Moderator: Thank you. The next question comes from the line of Kunal Gandhi with Yashwi Securities. Please go ahead.

Kunal Gandhi: So, my question is pertaining to the Rs. 10,000 crore orders already sanctioned by the government, out of that, which would be our participatory states and what would be our chunk of the pie? And for the remaining Rs. 50,000-55,000 odd crores, what is the revenue visibility that we see for us in FY '27 to close on an annual run rate?

Madhav Kejriwal: So, we can say that approximately from Jal Jeevan we will be getting close to probably 12%-13% of this outlay.

Kunal Gandhi: Okay. And this is for the existing orders?

Madhav Kejriwal: For Jal Jeevan Mission, when you say existing order, can you elaborate a little on that, please?

Kunal Gandhi: On the Rs. 10,000 crores already sanctioned, we would be having a 12%-13% market share there. And on the incremental orders that are yet to be sanctioned, there also we can see a similar rate, right?

Madhav Kejriwal: Yes. This is for the Ductile Iron industry as a whole, please.

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

Rajesh Bhandari: Good afternoon, Sir. We were talking about the industrial paint unit that we are putting up. Are we having any collaboration or it is in-house R&D?

Madhav Kejriwal: So, Sir, we already had a team working on making paints that are used for our pipes, especially those lining and coatings that we were using for our export division and we do a little bit of R&D ourselves so that we can stay a little ahead of the market. That team for the first phase of investment that we are doing the markets that we want to enter, that team has the capability for it already. In fact, we have already made some headwinds in that front. So, for the first phase, we are looking at going independently and so far, I am quite optimistic because we are seeing good results.

Rajesh Bhandari: Sir, have we included any anti-rust paint for industrial application?

Madhav Kejriwal: Yes, please.

Rajesh Bhandari: No, anti-rust, what I am exactly trying to say is, near seashore, Tata Chemicals, it is very close to the sea. So, the rusting that happens there, every six months to one year, they have to get the paint changed. And it is a specialized paint. Are we planning for any anti-rust special paint also?

Madhav Kejriwal: So, Sir, there are some protective coating and primer layers that are used for angles, channels, and other such structurals, which is the target market for us.

Sunil Katial: And marine also, we are subsequently planning.

Rajesh Bhandari: Yes, exactly. What I meant was marine application.

Sunil Katial: Yes, I have understood. That also is there in the plan.

Rajesh Bhandari: And we have a specialization on this or we intend to have any collaboration?

Madhav Kejriwal: Sir, the marine aspect will be taken up in Phase 2, say, starting in the next financial year. So, at that time, we will weigh our options and take a call.

Rajesh Bhandari: Sir, regarding the big pumps, have we secured any order for big pumps in India?

Madhav Kejriwal: Sir, valves, not pumps.

Rajesh Bhandari: Not much. Are we approved for Nuclear Power application?

Madhav Kejriwal: Sir, I meant, we are doing valves, not pumps, please.

Rajesh Bhandari: We pumps, right?

Madhav Kejriwal: No, Sir. Valves, sir, not pumps.

Rajesh Bhandari: Okay. I'm sorry. So are we approved for nuclear power application also?

Madhav Kejriwal: So, we are not approved for Nuclear Power plants as yet. We have approval for small scale Hydro-power plants. We are in the process of developing the specific kind of valve required to cater to both large-scale Hydro-power plants and also nuclear power plants.

Rajesh Bhandari: Yes. Nuclear power plant till 2047, it's going to be about 100 gigawatts. The scope will be huge.

Madhav Kejriwal: Yes, Sir.

Rajesh Bhandari: Sir, what are the prospects for the next two to three years?

Madhav Kejriwal: For?

Rajesh Bhandari: For the company, the next two to three years?

Madhav Kejriwal: Sir, at the moment, next two, three years we will be able to ride the coattails of the expenditures on Jal Jeevan Mission along with the increased expenditures towards irrigation because we are slowly realizing that this way of canal irrigation that we've been following in the country is not sustainable. And parallel to that, increase in expansion in the valve business and also paints, this will give us good diversification and bring down our dependence on Ductile Iron Pipes. From today, it's around 85% and in the next four to five years, you will go to around 55% or so. We are also looking at expanding our secondary product line, Sir. We are a small-sized player in the ferroalloy business and we're seeing that there is scope to increase capacities there as well.

Rajesh Bhandari: Sir, when can we reach our past glory?

Madhav Kejriwal: Sir, you will start seeing improvement in the financials quite a bit.

Rajesh Bhandari: Okay. And, sir, the balance of the Rs. 1,200 crores, have we received?

Madhav Kejriwal: For? Coal mine?

Rajesh Bhandari: Sir, the Coal mines that we have, right sir?

Madhav Kejriwal: As we discussed, whatever numbers that have been approved by the Ministry so far are close to in line, maybe 5%-10% different from what we have assumed.

Rajesh Bhandari: But, we have not received any money.

Madhav Kejriwal: We've received around Rs. 98 crores so far, Sir.

Moderator: Thank you. The next question comes from the line of Koushik Sekhar with Vermillion Value Advisors. Please go ahead.

Koushik Sekhar: Good afternoon. I have been a shareholder of Electrosteel Castings for the last maybe 10-12 years. So, my questions are more on long-term, what you are thinking. My question is that, in your slide, you have one slide on the Irrigation projects. So, these projects are very large. So, what kind of sales do you expect to get from this in terms of how these translate into orders for us?

Madhav Kejriwal: Sir, I would say that around 5%-7% of these project volumes are going to tantamount into Ductile Iron Pipes. You are absolutely correct. Well, the government has around 30 DPRs prepared for river linking, of which 3 of them are particularly moving forward at good pace, in fact Ken-Betwa work has started. So, that is going to materialize, I'm very certain. There's another one between Madhya Pradesh and Rajasthan, PKC. That is also moving forward. That's a big project of Rs. 90,000 crores. So, these are going to slowly take over the reduction of demand that will happen from more and more JJM work being executed. So, we are very hopeful, although it will not make up entirely for the JJM demand, but towards irrigation will definitely overlap a bit of the JJM demand that will reduce with time over the next 2-2.5 years.

Koushik Sekhar: Right. In earlier calls, once you had, I mean, one of your colleagues have mentioned that even in the areas where already pipes are there, now we are suddenly increasing their FSI from 2 to 5, 10, etc., based on transit-oriented demand. So, do you see demand coming from already areas which are there? I mean, which are being... the urban areas are being rethought and completely replanned. So, do you see the, I mean, people will rip out what is there and re-put because now the demand may be 4x, 5x?

Madhav Kejriwal: That is definitely happening, Sir. That's why this Urban Challenge Fund that has come up, it's a Rs. 4 lakh crore fund that is not only pertaining to water, that is an overall improvement in urbanization of tier 2, tier 3 cities. It's somewhat like an AMRUT 3.0, you can say. So, part of that will, of course, go into improvement of water infrastructure, recycling of water and a circular economy for water. Definitely, we will see pickup of demand from that as well.

Koushik Sekhar**:** In terms of your debt position, I mean, it's quite comfortable now and due to this last FY '26, the government scaling back, the valuations have come down, etc., do you see an opportunity to do a tactical buyback? And now the buyback, the taxation also has kind of changed. Do you see it as an opportunity or a window for doing a buyback?

Madhav Kejriwal: Sir, I don't think it's the right place to comment on this. I would like to go through the correct channels of communication if something like this is finalized at any point.

Koushik Sekhar: Okay. From my point, I mean, I've been in the market for 30 years. So, I think that you should consider this. It's an opportunity. I've been an investor also for almost a decade. So, I think given the vast distance the company has covered and come to a very solid base, I don't think the market is giving you the kind of valuation that you should get. So, I would request you to look at this in a very thorough manner.

Madhav Kejriwal: It's been something on our minds and we are definitely going to further look into it. Thank you very much for your suggestions. We will definitely take it up with the larger management team of Electrosteel Castings.

Koushik Sekhar: One other question I had is that, AMRUT 2.0, does the wastewater recycling and desalination, all the projects come under this or this only covers a portion of the projects?

Madhav Kejriwal: Sir, part of it. There are some independent exercises being taken up as well for the same exercise. Certain cities required more. Delhi is doing a lot independent of AMRUT 2.0 for independent STPs, etc. So, there are overlaps in the projects coming under AMRUT 2.0 and other urbanization efforts. But again, some of those overlaps are falling under the UCF as well.

Koushik Sekhar: Okay. Can you also just throw some light on what your thought process is and how the company will look in Year 2030? Because you have now started some diversification, etc. and new initiatives. So, what is the thought process and how do you visualize the company after 5-6 years?

Madhav Kejriwal: So, Sir, if you look at the moderation, moderation I'm saying not extremities but moderation in the DI pipe industry back to its older days. Let's get rid of the 2-3 years post-COVID where we had an extremely good run. So, without that in the picture, I am very certain that we can look at a growth of revenue to around Rs. 7,000-8,000 crores with EBITDA level of 13%-13.5% by FY30 & FY31.

Koushik Sekhar: Okay. And these businesses that you are looking at the valves, the paints, etc. ideally what kind of, ideally what type of growth you would or markets, I am not talking about turnover, what type of activities you would like to, you have planned out for this in this period?

Madhav Kejriwal: So, Sir, the industrial protective coating market is set to grow at a rate of 10% annually, year-on-year in India. We are hoping that we will be able to do a little better than the markets. For valves, we were expecting a 20% plus growth rate year-on-year owing to the availability of the entire Electrosteel ecosystem now available to sell the valves. And Quarter 1 so far, we are seeing that growth happen. We are seeing an 18% growth on top of last year's Q1 growth rate. So, we are fairly certain that we will be able to maintain this target and for valves from an area of close to Rs. 400 crores of revenue, in the next four years, we are expecting to double this. And hence, we are even more aggressive where we, so far, we have only been manufacturing for internal consumption, but we expect to go out into the market and get around Rs. 800 crores to Rs. 1000 crores of revenue. This would include, hopefully, some inorganic growth also.

Koushik Sekhar: Right. And what is the right to win or what is in your assessment, what gives you this opportunity? Because it's a new, it's a kind of going outside is a new business.

Madhav Kejriwal: So, for valves, I wouldn't say it's a new business at all, Sir.

Koushik Sekhar: No, I mean for the paint.

Madhav Kejriwal: So, what put the seed in our mind is that we already had a team which is doing R&D. They have been able to achieve quite a few things in terms of import substitution for linings and coatings on our pipes. And beyond that, what happened is that we appointed consultants, we had Alvarez & Marsal consult us on how we can utilize our existing infrastructure. Like our assets, both in terms of human capital and also in terms of plant and machinery to diversify and grow.

So, you know, that gave us the idea that industrial paints is the way to go. We have engaged with experts in the field to identify the right products to enter the market with and then what should be the next step and the step after that. So, we are going through this with a great deal of pre-exercise with experts and consultants. So, we are fairly sure that we'll be able to achieve these numbers.

Koushik Sekhar: Are you, post the West Bengal change in the general scenario of the LA, are you looking at investing in West Bengal now?

Madhav Kejriwal: So, Sir, the first phase of investment that we are going to be doing in our paints is going to be in West Bengal. All be it small, it's a start. The valve business also that we are, the valve plant in India, the first phase also we are looking at investing in Bengal itself. So, you know, that is also because we have fixed assets here. So, the capital outlay will be lesser as opposed to if we were doing a pure greenfield. So, I would say all in all, we are looking at spending close to Rs. 200 crores in West Bengal in the next year or so.

Koushik Sekhar: So, this ferro alloy also, are you looking at West Bengal? Because one of the things we have as analysts is that the entry barrier in the ferro alloy business was doing business in West Bengal, not really the technology or anything. So, that gave a lot of returns to the existing players and there was always a feeling that there is space for more players.

Madhav Kejriwal: You are very right, sir. Our expansion in ferro alloy is also going to be in our existing unit. We already have one ferro alloy plant and we have found that with certain investments, we can utilize additional energy, etc. to put up another plant right next to it. So, that is what we are doing.

Koushik Sekhar: So, it is going to be like a brownfield?

Madhav Kejriwal: Yes, please. For the next two years, all the expansions that we have planned from a capital utilization perspective are all brownfield and they are mostly to diversify our portfolio from Ductile Iron Pipes to other products. And you will see alongside that we are making investments towards improving our cost efficiency, our inventory management and towards digitalization and automation within the Ductile Iron Pipe path to make us more competitive and prepare us for the future where we know that probably the demand supply scenario will become a little more strained again.

Koushik Sekhar: Right. You had looked at Orissa for a greenfield site. Any update on that?

Madhav Kejriwal: Sir, because of the downfall in the market, we realized that it is better to hold back and utilize this capital for these more efficient brownfield expansions and to work on efficiency rather than just expansion in capacity.

Koushik Sekhar: Do you have good opportunities for bolt-on acquisition? You have done a valve company, you have done a services company in Singapore. Do you see an opportunity to do things allied around your adjacencies which are very low risk but very value accretive?

Madhav Kejriwal: Sir, we have around Rs. 700 crores of capital on our books which we are ready to invest. So, if some opportunity comes, we will be more than happy to look at it. Of course, it is always best to expand within your adjacency. So, that is our first priority. And beyond that, as and when we are coming across some opportunities, we will study and see how to utilize our capital to maximize returns for the company and our shareholders.

Moderator: Thank you. The next question comes from the line of Jojo Shaju with Tirthan Capital. Please go ahead.

Jojo Shaju: Most of my questions already got answered. But still on the paint and coating business, in Q4 FY'26 call, you have guided for Rs. 600 crore top line target in five years. And in the Q1 FY'27 presentation now, that target has raised to Rs. 800 crores to Rs. 1000 crore for the same period. So, I just want to understand what led to this growth in this guidance? Has the company already secured any external customers in this division?

Madhav Kejriwal: Sir, I would say, as I was mentioning, we were engaging with consultants and experts at that point also. And you can say we started doing dipstick tests into the market. And we have found that there is scope for even more than what we had projected. Plus, our appetite for diversification has increased. So, our capital outlay has gone from Rs. 100 crores to Rs. 250 crores to Rs. 300 crores, which allows us for growing faster. We are also looking at inorganic opportunities. So, we are in the market to see if there are some possibilities for technology tie ups or acquisitions in this particular field. We are engaging with certain consultants and experts for that as well. And hopefully, we will find something in the next few years, which will help us grow from the Rs 600 crores target to the now Rs. 800 crores to Rs. 1,000 crores level.

Jojo Shaju: Okay, got it. And also, on the newly approved railway rubber components, do we need to get approved by the government authorities to sell these products? And do we already have such approvals in this place?

Sunil Katial: No, in fact, for this, today in the board meeting, we have taken approvals, because railways wanted those board approvals for that. So, possibly, it will take four to six months time for us to get it registered.

Jojo Shaju: Okay. And do we need CAPEX in this specific segment or are we using the same capacity for selling these products?

Sunil Katial: The bulk of the equipment is the same. Some additional equipment are required for which we have already taken procurement steps. They are under installation now. In the next three months, we are expecting those to be installed.

Moderator: Thank you. The next question comes from the line of Saket Kapoor with Kapoor & Co. Please go ahead.

Saket Kapoor: Sir, first of all, thank you for a very, very good interactive session. Before starting to comment anything, first point which would like to reiterate is the investor presentation that has been revamped and a lot of effort has gone into it. So, kudos to the team and we hope we maintain the same.

I have a small suggestion pertaining to the T.I.S. part. If we can also provide some financial and operational input for the T.I.S also in the presentation itself, the questions would suffice, would be answered there itself. That is the first understanding. Secondly, I think, Sir, you mentioned about DI pipe, volume of 5.75 lakhs tons for this year or it is DIP plus the fitting number?

Madhav Kejriwal: No, Sir. This is DIP plus CIP. We will get to this number approximately.

Saket Kapoor: Okay.

Madhav Kejriwal: And the comparable number last year was close to the same, sir. So, I would say in terms of volumes, you will be close to the same numbers. But we expect better revenue and better margins per ton due to the efforts that the entire team has made over the last six, eight months to reduce costs, to improve efficiencies and really good job on the inventory management part.

Saket Kapoor: Okay. So, Sir, can you just give us some more light on how the EBITDA margin trajectory would be shaping up from the current 9.5% number to, we will exit the year at 12%, 13%? as per my understanding?

Madhav Kejriwal: If you see the EBITDA margin this year, this quarter, it was around 9.8%. And for the previous quarter…

Saket Kapoor: Consol, 9.5%,. Okay, 9.5% is done.

Madhav Kejriwal: So, the EBITDA margin is around 9.5% for this quarter and for the previous quarter, it was around 6.5%. So, there is an improvement in that itself, although the revenues are somewhat the same. Going forward, I think Q3FY’27, Q4FY’27, we should be hitting EBITDA number of 12% to 13%.

Saket Kapoor: Okay. Q2 FY’27 will be similar to, in terms of deliverables and margins and what we have exited Q1FY’27?

Madhav Kejriwal: Approximately, Sir. I am hoping we can do better, but conservatively speaking, we won't do worse than where we are today.

Saket Kapoor: Okay. Sir, point number 4, in your outcome of meeting, you mentioned that we have approved the manufacture of various rubber products for Indian Railways. So, Sir, what exactly are we trying? And you have also mentioned about our gasket plant, I think so, in Andhra Pradesh. So, how are we interconnecting these two aspects and what is the revenue potential? What are you trying to convey to us?

Sunil Katial: So, in this gasket plant, there is a possibility of doing some additional production, but with some added machines. So, what's happening is that this plant primarily was set up for meeting our captive requirement of gaskets. But then, because of this dip in the DI pipe market, though temporary, we saw it as an opportunity that we can add to the portfolio. So, we are in the process of procurement of the additional few equipment which are required so that we can also start supplying to the railways. Meanwhile, today, we have taken the approval of the Board of Directors for adding this new product category into our portfolio. And with that, we will go ahead with the registration, etc., with the railways, which may take around four to six months' time. So, that's how we are planning to go ahead.

Moderator: Thank you, Sir. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Madhav Kejriwal: Thank you for joining us today, everybody, and for your continued interest in our company. We would like to reassure you that we remain focused on improving our operational performance and strengthening our financial position while creating long-term value for all our stakeholders. We appreciate your continued confidence in our management and look forward to interacting with you again after our next quarter's results. Thank you, and have a good weekend.

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. Thank you.