Electrosteel Casting Limited
Q2 & H1 FY27 Conference Call
November 13, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 earnings conference call of Electrosteel Castings Limited.

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

I now hand the conference over to Mr. Hiral Keniya from EY LLP. Thank you and over to you, Mr. Keniya.

Hiral Keniya: Thank you, Renju. Good afternoon, everyone. On behalf of Electrosteel Castings Limited, I welcome you all to the company's Q2 and H1 FY27 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 – Sr. 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 Madhavji for his opening remarks. Thank you and over to you, sir.

Madhav Kejriwal: Thank you. Thank you, Hiral. A very good evening, everyone, and thank you for joining us for the Q2 and H1 FY27 Earnings Conference Call.

I would like to thank all of our stakeholders for their continued trust and support. The DI pipe industry has continued to face a challenging demand environment primarily due to the slower

government spending and project execution. We have remained focused on cost optimization across our units. We have engaged in an AI-driven energy intelligence platform with Zerowatt, an Indian industrial AI company, and we are also addressing our overheads, including our manpower costs, our inventory carrying costs, etc. These measures should support profitability as volumes recover.

Jal Jeevan Mission 2 remains the key near-term demand driver for the industry and has been extended until December 2028. The FY27 budget estimates for JJM is approximately Rs. 67,670 crores. Based on the latest figures available to us, central sanction orders stood at Rs. 16,487 crores compared with Rs. 10,344 crores at the time of our previous call.

As fund flows improve and more of the tender pipelines convert into awarded and executable projects, we expect the recovery to accelerate. The pace of implementation continues to vary across states. Fund releases, state-level approvals, contractor payments, and project readiness will determine how quickly the program translates into actual demand for all our water infrastructure products, namely pipes, fittings, and valves.

AMRUT 2 also provides an additional opportunity through urban water supply, sewage, and other related infrastructure projects. The FY27 budget estimate for the program is Rs. 8000 crores.

Irrigation is another high potential source of demand. Most states are adopting piped irrigation systems, while the PM Krishi Sinchai Yojana with an allocation of around Rs. 7,137 crores for this financial year support major and medium irrigation projects. The modernization of command area development and water management scheme with an initial outlay of Rs. 1,600 crores is also expected to support the modernization of irrigation water distribution through pressurized pipeline networks.

Over the medium term, the Urban Challenge Fund could provide further opportunities for all our water infrastructure products. The Rs. 1 lakh crores fund is intended to catalyze approximately Rs. 4 lakh crores of urban investments over five years, including projects relating to water supply, sewerage, and sanitation. As projects move through financing, approvals, and tendering, they could create additional opportunities for us.

River linking and major water infrastructure projects represent another long-term opportunity. The Ken-Betwa Link project with a total projection of Rs. 44,000 crores and proposed initiatives such as the PKC Link project could create opportunities and select water transmission and distribution packages. Our overseas subsidiaries continue to perform better than our plans amidst the global conditions. This is by focusing on more high premium markets as reflected in our consolidated results.

Our performance is supported by strong customer engagement and effective order executions. Geopolitical tensions, however, in the Gulf region resulted in higher ocean freights, but as the tension eases now, we are hopeful that situations shall improve. We will continue to explore also the opening up of new market opportunities.

On the front of our acquisition of TIS Service SPA, during Q2, TIS achieved an EBITDA margin of 14%, an improvement of around 160 basis points over Q1. The construction of the valve factory in India is also underway, and we expect it to commence operations by the end of this financial year. Our stated objective remains to double revenue from valves over the next four years, and we remain on track to achieve it.

For our industrial paints and protective coating projects, basic and detailed engineering is in progress and is expected to be completed by November 2026, after which construction will commence. The first phase is expected to be commissioned by March 2027, with an annual production capacity of 1,000 KL and 4,000 KL by September 2027. We are targeting to reach an annual revenue of around Rs. 800 to Rs. 1,000 crores over the next five years, supported by phase capital expenditure of approximately Rs. 300 crores.

Our balance sheet remains strong and provides us with financial flexibility to pursue growth opportunities while maintaining a prudent capital structure. I will now hand over the call to Mr. Rajesh Daga, our CFO, who will take you through the operational and financial performance for the quarter in greater detail.

Rajesh Daga: Thank you, Madhavji. Good evening, everyone, and thank you for joining us today.

I will now take you through the operational and financial performance for Q2 FY27:

Sales volume of DI pipes, fitting and CI pipes during Q2 stood at 1.21 lakh tons compared to 1.20 lakh tons in Q1 FY27. At the consolidated level, gross debt and net debt as of 30th September 2026 stood at Rs. 1625 crores and Rs. 750 crores respectively.

I will now take you through the consolidated results for Q2 FY26-27:

Total income stood at Rs. 1,558 crores, registering a growth of 6.4% quarter-on-quarter. Higher sales of pig iron, sponge iron and coke contributed to the growth. EBITDA, including other income, stood at Rs. 139 crores with an EBITDA margin of 8.9%. PAT stood at Rs. 51 crores with a PAT margin of 3.3%.

For H1 FY27, consolidated total income stood at Rs. 3,023 crores and EBITDA at Rs. 278 crores. EBITDA margin was 9.2% while PAT stood at Rs. 99 crores with PAT margin of 3.3%. The domestic demand environment has remained soft over the past few quarters. Nevertheless,

we believe that the government's continued focus on drinking water and irrigation, together with the essential nature of water infrastructure, support the sector's long-term outlook.

As mentioned earlier, the FY27 Union budget provides for an allocation of Rs. 67,670 crores to JJM. Central sanction orders stood at approximately Rs. 16,487 crores as per the latest figures available to us compared to Rs. 10,344 crores at the time of our previous call.

Going forward, our priorities remain operational efficiency, a strong balance sheet and financial discipline. These will help us remain well positioned to benefit as domestic demand recovers.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Vikash Singh with ICICI Securities. Please go ahead.

Vikash Singh: Good afternoon, sir. Thank you for the opportunity. Sir, my first question pertains to JJM Mission Fund release. It seems to be higher than the first half of both of the last two years. However, if we look at the performance, not much of the improvement has been visible. So, are we expecting the second half to be better? And the second part of the question is, by when we expect to reach that 700 KT plus kind of the unnormalized run rate? So, these are the first questions. I will come up.

Madhav Kejriwal: So, sir, although the capital allocation has substantially increased over the last two quarters, this has gone towards the long overdue that have been there at the end of the contractors. This will, of course, have a rippling effect and we will hopefully see some improvement in the second half of this year, as we have been mentioning. But the real impact and the real positive movement and momentum will come in the next year. So, this will be a progressive improvement. We have maintained our operations over the last two quarters, and you would have seen an improvement of performance in the last two quarters as opposed to the H2 of the previous financial year. And the next half should be slightly better and flowing into the next financial year, things should improve dramatically.

Vikash Singh: Noted. Sir, actually, we were the largest exporters of DI pipe from India. So, even after Saudi ban basically on the imports, did we start experiencing that problem in our numbers, basically, or we have been able to identify the other markets in order to circumvent or rather I would say to push the volumes in other markets to maintain our export proportion? So, how should we look at it?

Madhav Kejriwal: So, the anti-dumping in Saudi Arabia has been a mild pushback for us, I would say, because as opposed to other manufacturers from India, we have had a much smaller percentage of dumping duty. So, we can still survive in the market, number one. Number two, as you rightfully suggested, we have been in anticipation of this issue and due to which we have worked towards

opening up other markets which will not in its entirety, but partially take care of the volume problem. So, I don't see really the impact on export as a whole being impacted too much, because I don't see us completely coming out of the Saudi market, we will still have some presence there. And a large degree of the delta that will be created can be made up from other markets.

Vikash Singh: Sir, my third question pertains to now that in the last five, six months, we are into a buying spree, we have bought this, we have went into paint business as well. So, next year, FY28, how should we look at the contribution of these businesses in the topline, basically? And you also said in, I think, previous remarks that there is a 13% to 14% growth rate potential. So, would that be available for two, three years on a CAGR basis or just one year given the capacity with this?

Madhav Kejriwal: No, the 14%, 15% growth rate for TIS should play out at a CAGR level. As for paints, since we will start getting into a sizable production halfway through next year, I feel that the contribution to the topline will be to the extent of around Rs. 100 crores, Rs. 80 to Rs. 100 crores. So, in the paint front, maybe a year, the next to next financial year, FY29 is when the real impact will come on the books. Whereas for TIS and the valve business overall, they should start contributing well next year onwards.

Vikash Singh: So, TIS, given the current topline, 13%, 14% of the growth we can have built in, right, with 13% kind of the margin for the next year.

Madhav Kejriwal: So, this is for the valve business. Not all of it might be through TIS, because whatever valve business we do in India will be under the Electrosteel name and not through TIS. So, it might not reflect on the books of TIS specifically, but it will reflect in the books of the company as a whole.

Vikash Singh: Okay. And just one last question, basically, has the impact of higher coking coal cost is purely built into 2Q or some portion would be visible in the 3Q as well? And then the margin improvement would be expected from 4Q? And lastly, what kind of price increase we have experienced in the DI pipe orders on an average last quarter versus spot basis?

Madhav Kejriwal: So, in regard to the cost impact of coking coal, the main impact is only going to be coming in Q3 and Q4 for us, since we carry some inventory. Owing to that, Q3 margins might be slightly suppressed as opposed to earlier, but very marginally, we are working on passing on the additional cost to the customer and we have seen some success. I would say that around 60% to 70% of our increase has been able to be passed on and it will take full effect, say, end of Q4.

Vikash Singh: Noted, Madhaviji. Thank you for answering my question. All the best and happy Diwali to you and your team.

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

Rajesh Agarwal: Hello, sir. What is the current order book and what is the tendering for JJM project and River Linking?

Madhav Kejriwal: I am sorry, tendering for?

Rajesh Agarwal: Tendering for JJM projects and for the River Linking projects.

Madhav Kejriwal: Sir, our current total order book stands at approximately 3 lakh tons. Of this, we can say that JJM is approximately 60,000 to 70,000 tons. And the River Link, sir, is going to start impacting our, is going to start coming on to our demand, maybe by next financial year. Some smaller projects are there which are linked to the River Link project, but they are supplementary to it. They are not directly involved in that.

Rajesh Agarwal: And what is the tendering outlook, for the JJM project now?

Madhav Kejriwal: Can you elaborate what you mean by that, please?

Rajesh Agarwal: Tendering, the tendering outlook of the new projects, new orders, pipeline.

Madhav Kejriwal: So, sir, the way we see it, there is approximately 2.5 million tons of order book that is either on the books or is to be tendered freshly under JJM, which has not yet been, it's not come, it's not materialized into dispatches. So, I suppose it will start opening up in Q4 and from then FY28 plus the first half of FY29 is when most of the orders will play out.

Rajesh Agarwal: And so, 27, 28 can be a good year. We can do 7 to 8 lakhs tons.

Madhav Kejriwal: So, 7 to 8?

Rajesh Agarwal: 8 lakh tons we can do, 7 to 8 lakhs?

Madhav Kejriwal: I can't exactly tell the figure per se. I mean, 7 to 8 does sound realistic, but definitely it will improve. I think 7 lakh tons is something we should be hitting.

Rajesh Agarwal: And we can come back to the old EBITDA margins of 12%?

Madhav Kejriwal: Yes, sir. I think with the support of our diversification and the improvement in the markets, we should be looking at that level.

Rajesh Agarwal: And how is the export order book, export outlook?

Madhav Kejriwal: Sir, there has been a slight slowdown, although the margins have, as you can see, improved a reasonable amount because we've been concentrating more on the high-value destinations rather than the high-volume destinations. So, this we will see this financial year. Unfortunately, Europe, which is a very big market for us, is also under slowdown and now they're having their own issues, as you must be knowing. So, there is a temporary slowdown, although I'm quite hopeful that moving forward, these markets will, for a medium term, give us good returns.

Rajesh Agarwal: Thank you, sir. This answers my question.

Moderator: Thank you. Next question comes from the line of Abhishek Jain with Arihant Capital. Please go ahead.

Abhishek Jain: Thank you for taking my question. Sir, what percentage of overall order book is locked into fixed price or government contract versus prices in clause contract? And if iron ore or imported coal prices are now spiking, how much is going to be exposed to our margins in the second half of this financial year?

Madhav Kejriwal: Sir, out of the total, almost 3 lakh tons of order book that we have, I would say that apart from the export orders and a smaller quantity of government orders, which probably are 5%-7% of our total order, domestic order book, the other orders are such where if there is a dramatic change in the cost structure, we have an understanding that we can sit across the table and discuss how to meet halfway or come to a place where at least we don't have to take the entire hit of the cost increase. And if you see the total manufacturing capacity that we have, against that we have approximately 6-6.5 months of order. So, this will play out over, the orders will actually go over say 9 months. So, there is some scope for new orders to come in which will be at new rates, increased rates considering the increased raw material. So, it will moderate. I would say we will take a hit, I mean we can make up for at least half of the increased cost with our dispatches of quarter 3 and 4.

Abhishek Jain: Yeah, I have a question. Now, most of the players in the industry on the DI side are increasing their capacity with Jindal Saw, Jai Balaji, Welspun Corp, Electrotherm, all these players. And the utilization we have seen dropping below sub 60% in most of the cases. So, whenever as you are talking about JJM 2.0 tenders are going to be resumed. What do you see, sir, the bidding level on the aggressive in the L1 bidding intensity and can industry utilization recover to 80% without triggering price undercutting?

Madhav Kejriwal: Sir, based on the demand outlay of JJM plus the government, central government plus state level government expenditures, over the next two years, I think an industry capacity utilization of between 75% to 80% is very much doable without being in a situation of over the top price cutting for the sake of capacity use.

Abhishek Jain: Sir, one of the earlier participants while replying, you said we aspire to reach 12% market back to 12%. When do we see that we are going to back to those kind of margins in which financial year?

Madhav Kejriwal: We are hoping that the next financial year, we'd be able to touch those numbers again.

Abhishek Jain: Okay. Thank you very much, sir. Thank you.

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

Saket Kapoor: Sir, as sticking to the timeline of achieving this 12% to 13% EBITDA margins, we were optimistic during our quarter one concall also that Q3 onwards, we will be aspiring to exhibit those numbers. So, exactly what should one we read now that we are now looking for the same to be delivered in the next financial year? I think so your order booking and all are the reasons why or what was in our mind when we spoke about reaching the double digit number from Q3 earlier, if you could just elaborate on this.

Madhav Kejriwal: So, sir, the fund flow that we are seeing under JJM playing out this particular quarter that we are sitting in right now Q3 is what we were expecting to have in Q2. But because the central government wanted to put in place certain processes and certain systems, there was a delay. So, that implementation delay is what is causing us to expect the increased demand to get pushed by around three to six months. Alongside that, slight aberration in the coal cost, which will have a small push back towards our margins are the combined reason why we feel that we will take around four to six months to achieve those numbers, more than what we had committed in Q1.

Saket Kapoor: Right, sir. So the deliverables for the remaining, I mean, H2 is also in the vicinity of what we have done for the first half? I mean, taking into account our pipes and the fittings, I think the 1.20 Lakh tons and 1.21 lakh tons are the numbers for Q1 and Q2. So how should the deliverables be?

Madhav Kejriwal: Sir, I think H2 will be marginally better than H1. It won't exactly play out as H1, but you can say that it will be somewhat similar to the first half.

Saket Kapoor: Okay. And margins, sir, I think they were lower to 9%. There was a dent of 0.5%, 50 basis points. Correct me there. What should be the margin trajectory, taking into account the inflationary aspect also, which you just alluded to?

Madhav Kejriwal: As I mentioned, sir, I think you can target similar margin levels, if not slightly better for H2.

Saket Kapoor: Okay, sir. And sir, we have worked out with our investor presentation. I think the entire thing has been revamped and very exhaustive and answered many of the questions. My wishes to

the team for exhibiting a very strong play of the investor presentation. Sir, in another announcement, we have mentioned about introduction of VRS scheme at our plant at Khardah unit. If you could just explain the rationale of going ahead with the same.

Sunil Katial: Yeah. In fact, we are exploring all possible conditions because we are trying to look into how to reduce our fixed cost. In that, one of the option which we are trying to figure out is rationalization of our workforce. We have not finalized the scheme as such, but we are working on that.

Saket Kapoor: Okay. No, sir, in terms of we anticipating better execution and better deliverables for the next year, coming ahead of the next financial year, we are coming with cutting down of staff. How are these two things linked? Or if you could just explain, are we looking to some automation there and investing and then leading to..

Sunil Katial: Yeah, I'll explain. I'll explain. See, there are many reasons. One is, as already explained, that we are getting into AI, we are looking into more of automation. At the same time, during this difficult time, our focus is more on improving our efficiencies and reducing our gaps in different areas. A lot of effort is going on. In fact, I want to share that possibly around more than 400 initiatives are on for the improvement of the processes. We are also thinking that that will also reduce our dependability on manpower.

Saket Kapoor: Correct, sir. Sir, when we look at in your presentation, you have mentioned about Indian valve market at Rs. 2,000 crores, and we are eyeing, say, Rs. 800 crores-Rs. 1,000 crores by 2030. If you could just explain to us currently who are the major players and at what CAGR are we expecting the valve market to grow to 2030 when we would be closer to this Rs. 800 crores-Rs. 1,000 crores mark?

Madhav Kejriwal: Sir, the Rs. 800 crores mark that we have mentioned is not entirely from the Indian market. The Rs. 2,000 crores is purely the Indian market. In fact, our target is to have more than 50% of this revenue coming in from overseas. As you know that our current business itself, which is largely overseas, is already at a Rs. 400 crores level. In fact, out of this Rs. 800 crores, India will probably be somewhere between Rs. 250 crores to Rs. 300 crores. The remainder 60%-65% will be coming in from other geographies.

Saket Kapoor: Okay. And sir, what has been the contribution from TIS, the company for the first half in terms of revenue and the bottomline? And sir, any peer comparison you can give in the valve space with whom we are competing in the domestic market?

Madhav Kejriwal: The domestic market, as I have mentioned, the plant is going to be commenced by the end of this financial year. So, the real impact in the domestic market will only start from then. If you want a peer comparison, there are some international players that are operating in India called

AVK, Hawle, VAG, and a couple of Indian players would be IVC and Jupiter Valves. These are all private players.

Saket Kapoor: Right, sir. And two more points, sir, and then continuing to the industrial paint business part also, sir. I think so, in your presentation, you have mentioned that currently we are captively using existing capacity of 4,200 KL. And going ahead, our external sales will be to the tune of 1,000 KL for the next financial year. Or we have mentioned about CAPEX of Rs. 250 crores-Rs. 300 crores and phase 1 to have 1,000 KL by March 2027 and 4,000 by September 2027. So if you would just elaborate what kind of revenue contribution are we expecting from the same?

Sunil Katial: No, in fact, the paint business, as we have mentioned, that 4,000 odd capacity which we have also caters to our captive requirement. The 1,000 KL which is going to be commissioned in March 2027, that is likely to add to our topline to the tune of maybe Rs. 80 crores-Rs. 100 crores in the next financial year. But then thereafter, in the next financial year, that is 2027-2028, or rather 2028-2029, then that will be substantial because by that time, I mean, our capacity of the first phase, that is around 4,000 KL, will be commissioned. So, that possibly around Rs. 250 crores-Rs. 300 crores will come from there.

Moderator: Thank you. Next question comes from the line of Chetan Phalke with Tirthan Capital. Please go ahead.

Chetan Phalke: Hello, sir. Thank you for the opportunity. Sir, I wanted to have some idea on what is happening in the exports market, because I think on Q4 call, we mentioned almost 50% of our exports are going to Middle Eastern market. Now, as you just mentioned, there is some slowdown in Europe, plus I think we are facing some import duty pressures in Middle East markets, over and above, war is happening and all. Just, what is the update on the export markets in terms of volumes? I mean, we were targeting around 20% of our revenue share or volume share to be continued from export market. Is that changing? How is it evolving in this current environment?

Madhav Kejriwal: Sir, I, to be very honest, don't remember mentioning 50% from the Middle East market. I remember mentioning that 50% is U.K. and Europe, and the remainder 50 is between the Middle East, Africa, and the U.S. and Southeast Asia. So, when we speak about the impact of the Middle East, I mean, up till now, our total contribution of exports has in fact been north of 20%. So we are maintaining that even with the challenges that we are facing, and we don't really see any problem moving forward in maintaining this. There are challenges, sir, but the advantage that we have is our network, which is old, established, and we have a very reputable brand. Customers trust us. So, it is a matter of making the effort of trying to open new geographies, which we had anticipated and we've been doing for some time now.

Chetan Phalke: Any new geographies that are opening up for us?

Madhav Kejriwal: Absolutely, sir. With the investment into Singardo last financial year, we opened up the Southeast Asian market for ourselves. We have recently invested into an Oman-based trading company called Arabian Water Tech. So all these open up opportunities in those specific geographies. We are seeing good scope over there.

Chetan Phalke: Okay. But how is the export market different from the Indian market, let's say, in terms of diameters, products, or fittings, or valves, or any other kind of packages that we are giving there versus in India? Just trying to understand the realization and the overall segmentation.

Madhav Kejriwal: Sir, every market has its unique nature. It will be difficult to answer that in a one-liner, but I can tell you that it provides us with more opportunities for capacity utilization in certain markets, and in certain markets, it provides us with better margins.

Chetan Phalke: Okay. Lastly, sir, I think in our AGM, we mentioned there are some import duty pressures from the Middle East market and other markets. Just to understand what is the difference between our cost of production and the other competitors' cost of production in the overseas market?

Madhav Kejriwal: Well, sir, even after the duty has come in Saudi Arabia, and erstwhile we saw some duty increase in Europe, we are still being able to sell product. There is a small hit on the total volume that we are selling. I would assume that the cost differential is not so high even after the duty, else why would a customer continue buying?

Chetan Phalke: In absolute volume terms, we will grow over FY 2026 base for exports.

Madhav Kejriwal: Yes, please.

Chetan Phalke: Okay. That is it from my end, sir. Thank you. Thank you very much.

Moderator: Thank you. Next question comes from the line of Mihir Desai with Desai Investments. Please go ahead.

Mihir Desai: Thank you for the opportunity. Sir, my first question is related to the JJM allocation. How do you see the demand, sir? Do you expect FY 27 will see a good allocation?

Madhav Kejriwal: Sir, they don't have much of an option. They've spent this year in implementing certain systems and processes, which were very much required also for a more effective implementation of the plan. Next year, they will have to start utilizing their funds because they have up till December 2028. That leaves them with the entirety of the next financial year and the first nine months of the year after, during which they will have to utilize all the funds.

Mihir Desai: Okay. And sir, one question on River Linking projects. Which River Linking projects offer near-term addressable orders, if you see, rather than long term, if you can speak about some near-term opportunities?

Madhav Kejriwal: Near term would be Ken-Betwa the one between U.P. and M.P. That is seeing real-time work happening on the ground. Although the pipe demand hasn't materialized yet, the preliminary work to that, such as building of dams and the larger open canals, all that is underway. Work is happening on that front.

Mihir Desai: Okay. Do you see that the shift towards utility operations and maintenance would change the demand mix for us, or the pipe fittings and valves etc.?

Madhav Kejriwal: Well, you see, this shift towards operational maintenance is something that is applicable when you see a substantial change in the demand portfolio once you are at a much more mature stage of infrastructure. We are not yet there. It will take us some time before we reach that level. In fact, if anything, the focus towards a longer-term operation and maintenance by the implementing, contracting, and EPC companies will only push them to buy products which are more durable, which are more sustainable. That puts us at a very good place in competition with the likes of, say, plastic pipes, which might be cheaper, but has a lesser life and is more prone to going bad.

Mihir Desai: Okay. And sir lastly, one thing on the fundamentals. If I do not compare anything on the quarterly basis or even though on an annual basis, I want to know your vision of how do you see yourself growing, say, five years down the line? As a company, if you want to see Electrosteel, how we should look at it? What is your vision? If you can throw some light on this, it will be very much helpful, sir.

Madhav Kejriwal: As you can see, we have taken up diversification plans within the industrial paints and protective coatings industry, along with getting into a high-value, high-precision product like water valves, which has a good adjacency to our existing business. These two are going to be high-growth potential businesses for us. We are concentrating more and more on trying to create a business where we are not entirely dependent to the swings of demand of pipes. Today, pipes and fittings as a business total contribute to around 75%-80% of our revenue, which, by diversification, we want to bring down to 50%. We can say that we are expecting a growth in our diversified products to the extent where we can see them contributing together as much as DI pipes is.

Mihir Desai: Okay. Sir, that is all from my end, sir. If I have any follow-ups, I will join back.

Madhav Kejriwal: Thank you.

Moderator: Thank you. Next question comes from the line of Nachiket Kale with an individual investor. Please go ahead.

Nachiket Kale: Hi. Good evening, sir. Thank you for the opportunity. I wanted to check, sorry, I joined a bit late. What is the sales volume guidance for H2 of this year and FY 2028?

Madhav Kejriwal: Sir, the sales volume for the second half will somewhat be similar to the first, maybe a little more. For H1, we have hit close to 2.5 lakh tons. That is the volume that we are hoping to hit in the next half. For the next financial year, we are looking at 7 lakh tons dispatch.

Nachiket Kale: Okay. Understood. And we have heard encouraging things on the industrial coating front. I just wanted to understand what would be our competitive advantage on that front or, you know, a right to win which will help us do good margins?

Madhav Kejriwal: When we talk about competitive edge, sir, the differential between the markets that we are trying to tap versus something where the bigger players are is that we are going hyper-focused towards industrial paints and protective coatings. We are going hyper-focused towards a more niche market as opposed to a retail and a volume-based market that the likes of an Asian Paints or Berger and those people are there.

In terms of exposure, you see, we have been making in-house paints and coatings which are being used for pipes in high-sensitivity markets like France and Germany, and we are seeing success there. So that gives us evidence that we have the internal capability to manufacture these technical and niche paints. That existing base is being capitalized over here by trying to increase volume, plus we have network, financial and physical and administrative across the globe. So that is something we can utilize to increase our exports of the paints.

Nachiket Kale: Absolutely. Sir, since this will be a new foray and we will be taking the first steps here, how will this impact our cash flow and how are we planning the working capital on this front?

Madhav Kejriwal: Sir, on the capital expenditure part, we see that it can be done entirely from internal accruals.

Nachiket Kale: Right. I am asking on the working capital.

Madhav Kejriwal: Working capital at the moment, our existing lines are there, which are because we have optimized on inventory, we have optimized on our overdues, our trade receivables rather. There is adequate space in the existing lines to support us at least for the next two to three years. Once we see the business become formidable and we go into the next phase of expansion, that stage, I am sure our financial partners and our existing business will support for the same.

Nachiket Kale: Got it. That's great, sir. That's very encouraging. Thank you, sir.

Moderator: Thank you. Next question comes from the line of Ankit Puri, an individual investor. Please go ahead.

Ankit Puri: Hi, good evening, everyone. Thanks for taking my questions. My first question is on the utilization or the pricing bit. The utilization across the industry is still low. Are you seeing any competitors discount to fill capacity? Also, how has your realization per tonne moved over the last two or three quarters, domestic and export, if you can share that figures separately? Do you see any pricing discipline amongst the larger players? My first question.

Madhav Kejriwal: Sir, that phase of dumping for capacity utilization we faced up till the first quarter of this year, where everybody was trying to push for certain capacity utilization, hoping that the volumes would come in. As we make ductile iron pipes from liquid metal, we can also utilize that for other products, which a lot of our competitors have done, including ourselves. Now it's a game of which product earns you more money. I do not see a kind of bloodbath on the pricing front taking place for the quest of capacity utilization. We have already gone through that phase. That phase was there for the second half of the last financial year, and it overspilled a little bit into the first quarter. But now I see that the industry's kind of made peace with this sort of utilization, and we've figured out how to maintain some semblance of profitability at lower production levels.

Ankit Puri: All right, sir. That's quite helpful. Secondly, you've indicated the recovery expected, of course, from Q4 FY 2027 as JJM funds flows come in. What factors do you think could delay that recovery in your view?

Madhav Kejriwal: I think the only thing that comes to mind is if any of the wars accelerate tremendously and that has an impact on our balance of payments as a country. You know, that would push the government to probably keep stockpile of money towards essentials. Apart from that, I don't really see any reason that there's already been a lot of slowdown because they've been wanting to implement a more efficient, a more transparent system of what is happening on the ground, which has led to them to take a lot of time, go around educating all the state-level operators of what they want. They're holding meetings now and then, and it's evidenced by the fact that more and more capital is flowing out now. If you see the capital outlay over the last three months, it is substantially more than what has happened over the last one and a half years. That's because everybody is somewhat settling into figuring out how to operate within this new framework. Capital outlay should not be slow unless there is a major balance of payments problem that our economy faces as a whole.

Ankit Puri: All right, sir. Lastly, do you see any industrial and data center water supply as a meaningful new demand segment, particularly in the industrial and the data center clusters that are coming up in the country? Have you received any orders or inquiries yet with regards to the same, sir?

Madhav Kejriwal: Sir, the implementation of these data centers, the approvals, the land acquisition, and everything is at a relatively premature stage right now. Andhra has seen some movement in terms of a kind of pre, I would say not a pre-tender, but at least we are aware that there's something happening on the ground. Apart from that, everything is very, very nascent.

Ankit Puri: Because with regards to the data center, at least, these clusters, like you rightly mentioned, in Andhra as well as Gujarat and Bombay, they are coming up and construction activity is going up quite well. I do not know whether with regards to the piping, per se, with regards to the water requirements, are you seeing any action there as such?

Madhav Kejriwal: Well, you see, the thing is that although the volumes of water are high, the lines do not require to be that long. I do not see it to be a very big demand driver. For us, it will be a momentary upward blip. You are right in mentioning that for us, Maharashtra and Andhra are bigger markets. Gujarat, we have our other industry mates sitting over there, so we do not get to enjoy that demand so much. But in Maharashtra, there are some inquiries, and as I mentioned, Andhra was also, things are looking up. Andhra is our mainstay market, so over there we see some potential.

Ankit Puri: All right, sir. That will be all from my side. All the best. Thank you very much.

Moderator: Thank you. Next question comes from the line of Koushik Sekhar with Vermilion Value Advisors LLP. Please go ahead.

Koushik Sekhar: Yeah, good afternoon. My question was related, there is a lot of water distress coming about now in many parts of India. So has this triggered off any policy or actions in terms of projects or speeding up anything, especially in Maharashtra, Karnataka, and other areas?

Madhav Kejriwal: Sir, the entire idea of River Link is to address the unequal water distribution that we face naturally, on our huge topography that we have, that is the biggest. Along with that, to address the growing needs of the urban cities, a big exercise has been taken up by the government. It is called the UCF, Urban Challenge Fund, wherein the central government and governments will put across around Rs. 1 lakh crores, and they would require some private investments to come through, which would take the capital outlay up to almost Rs. 4 lakh crores. Of course, this will run over five to seven years. But a part of this will also be to address the growing requirement of water and wastewater treatment and discharge at our urban centers.

Koushik Sekhar: My question actually is, sometimes in India we see a crisis for some urgency to come in for policy to convert to action. I was just asking whether, are you seeing any shades of that?

Madhav Kejriwal: Sir, River Link was envisaged in 1990s, but nothing has been done. Over the last one year we can see actual on-ground movement. So that itself is a clear indicator, and I mean, we're looking at a huge outlay for River Link. River link should, if even 50% of what they're saying comes to light, we're looking at more than Rs. 1 lakh crores of expenditure. There is some urgency in specific areas, although, but there is some urgency on account of implementation of some sort of dramatic water project to ensure that the desperate requirements that are there are at least met.

Koushik Sekhar: One other question I had is that while the pause has come in the rollout of JJM and other projects, which is not controllable within the company, it has also given an opportunity in terms of a very low share price. And now, I had asked in June also, the window for open market buyback has also changed. The rules have changed. The taxation also has become quite favorable for open market buybacks. So, I mean, I had asked in the listing, you said you'll kind of inform. So has there been any thought process on this, on the open market buyback or any form of buyback?

Madhav Kejriwal: Sir, the opportunities that are in front of us by way of diversification and opportunities to increase shareholder value. By way of getting into the diversification as well as maybe doing a buyback, I mean, these are all things that are under active consideration. We are constantly measuring to see what will allow us to create maximum shareholder value.

Koushik Sekhar: The reason why I was asking is that actually you already almost bought 4%, so you are just near the limit for the annual creeping. I mean, this is not controllable. The volume is not going to go up, as you said, above 5 lakh this year. So you still have one year, six months, a very good window. My suggestion would be to consider it, because sometimes the bad news itself contains the good news, and we should be, if you will be mentally flexible enough, we can see that, and you can use even that opportunity. My humble suggestion, because sometimes when the window passes, we realize, oh, it was there and it just went away in six months.

Madhav Kejriwal: I can assure you that that is something that we have under active consideration, but also since we have ambitions, aggressive ambitions, I would say, in our other expansions, we are constantly deliberating between where to use the cash flow.

Koushik Sekhar: Just to fair, this thing, I am not talking about a very large one, just maybe 2% to 3% of the equity and something like that. We do not have to do a very large one. It is more to just kind of It is the opportunity, you are just taking it.

Madhav Kejriwal: I will definitely reemphasize on this with the management team. We will definitely table this again as a discussion point.

Koushik Sekhar: Just last thing. I am just flagging this because there is a muscle memory in the management because the buyback law has changed very unfavorably in the last three, four years. Then finally, it has gone back to being somewhat sensible.

Madhav Kejriwal: We are aware of that, sir. That is why we have reopened that topic also.

Koushik Sekhar: Right. But there is a lag in generally the market memory, so it is still-It is not being seen with fresh eyes, so in many places. Not about your case. I am just saying that, so that is why I am just raising this. So it is because this window may not last too long. That is my feeling. So for many companies.

Madhav Kejriwal: Appreciate it. 100% it is something I will table that again with the entire management team, and we will take a decision. Our objective remains to create maximum value for shareholders, sir. You can be rest assured that this will be taken up as an active consideration.

Koushik Sekhar: Right. That is all from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question and answer session. I now hand the conference over to the management for closing comments.

Madhav Kejriwal: Thank you, everybody, for joining us today. Despite the near-term challenges in the demand environment, we remain focused on strengthening our business and creating a sustainable and a long-term value for all our stakeholders. We very much appreciate your continued support, and we look forward to interacting with you after next quarter's results. Thank you. Have a very good evening and a very happy Diwali to all. Thank you.

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