"Steelcast Limited Q3 FY-24 Earnings Conference Call"

February 01, 2024

MANAGEMENT: **MR. RUSHIL TAMBOLI - WHOLE TIME DIRECTOR**
MR. SUBHASH SHARMA - EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER
MR. UMESH BHATT - COMPANY SECRETARY

MODERATOR: **MR. RONAK JAIN – INVESTOR RELATION PARTNER, ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Steelcast Q3 FY24 Earnings Conference Call.

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. Ronak Jain from Orient Capital, their Investor Relations partner. Thank you and over to you Mr. Ronak.

Ronak Jain: Thank you. Good afternoon everyone. Welcome to the Q3 FY24 Earnings Conference Call of Steelcast Limited.

Today on this call we have Mr. Rushil Tamboli - Whole Time Director; along with Mr. Subhash Sharma - Executive Director and Chief Financial Officer; and Mr. Umesh Bhatt - Company Secretary.

Before we begin this call, I would like to give a short disclaimer:

This call may contain forward-looking statements about the Company, which are based on beliefs, opinions, and expectations as of today. Actual results may differ materially. These statements are not guarantees of future performance and involve unforeseen risks and uncertainties that are difficult to predict. A detailed Safe-Harbor statement is given on page number two of the Investor Presentation of the Company, which has been uploaded on the Stock Exchange and the Company's website as well.

With this, I now hand over the call to Mr. Rushil Tamboli for his opening remarks. Over to you sir.

Rushil Tamboli: Yes, hi thank you. A very good evening to everyone on this call, and on behalf of Steelcast Limited a very warm welcome to this Q3 FY24 Earnings Calls.

I hope everybody had an opportunity to go through the Q3 "Results and Investor Presentation" which has been uploaded on the Stock Exchanges and posted on Company's website as well.

As we entered FY24 the global geopolitical landscape faced challenges with ongoing conflicts and major central banks in the West, hesitant to cut interest rates in CY24 due to persistent inflation and robust economic growth. As communicated earlier, we anticipated softer quarters in FY24 witnessing a revenue decline both year-on-year and quarter-on-quarter basis sequentially due to the prevailing global turmoil. However, we are optimistic about a turnaround in the global business starting from Q3 FY25.

Now speaking about the financial performance for the third Quarter of FY23-24:

We achieved revenue of Rs.90.3 crores witnessing a de-growth of 11% quarter-on-quarter and 25% in year-on-year basis. Our EBITDA stood at Rs.27.3 crores with a margin of 30.3% compared to Rs.28.7 crores and 28.3% in Q-on-Q basis and Rs.30.7 crores and 25.6% in year-on-year basis. Likewise, our profit after tax is Rs.17.4 crores with a margin of 19.3% compared to Rs.18.6 crores and 18.3% in quarter-on-quarter basis and Rs.19.3 crores and 16.1% in year-on-year basis.

Further if you compare PAT of nine months of FY23 with that of FY24, we are Rs.51 crores and Rs.56.3 crores respectively witnessing an improvement of 10%. This improvement is attributed to savings in power expenses on account of solar and hybrid power plants, cost optimization measures, reduced input costs and improved operational efficiency.

In Q3 FY24, export revenue experienced a de-growth of 24% and domestic revenue an increase of 18% on Q-on-Q basis. Domestic and export share of revenue during the quarter is 40% and 60% respectively.

Looking ahead:

We anticipate market stability in the coming quarters expecting a significant improvement in the global markets within the next two to three quarters. Despite the current slowdown, we continue to explore growth opportunities by entering new geographies, strengthening existing customer relations, diversifying into new sectors and expanding our product portfolio through new developments.

Our short-term growth outlook envisions a recovery by Q3 FY25 supported by stable commodity prices and a rebound in export demand. Strong growth in the mining sector and robust government CAPEX are expected to support domestic demand. We are also exploring opportunities in replacement markets.

Addressing our rationalization plans both our renewable energy plants, solar and hybrid power plants are operating satisfactorily. Both power plants are generating the expected savings and as all of you are aware that both these power plants are projected to yield an annual cost savings in excess of Rs.14 crores.

The serial supply of products to the North American railroad industry is on and our conscious and continuous efforts aimed towards development of new customers, new sectors and new parts as a part of our de-risking policy. Hence our order book at present is well diversified across different end user industries with major momentum in railways. Improved pricing savings in power cost, cost optimization measures, stable input costs, higher productivity, and better operating efficiency will further improve our overall performance.

Thank you and now we can open the floor for the questions-and-answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Ashwini Agarwal from Demeter Advisors. Please go ahead.

Ashwini Agarwal: Two quick questions. One is, if I look at slide #23 a large part of the savings as you mentioned has come because of power and fuel cost as well as material cost, is the material cost a pass through in your contracts. And then how this saving of almost 600, 700 basis points as a percentage of revenue is this something which you can keep if material prices remain subdued. How does one think about it, because in supply contracts, typically raw material is something that's not a long-term gain or not a sustainable gain?

Rushil Tamboli: Okay, would you like to ask your second question also, then I can answer both of them together.

Ashwini Agarwal: Yes. The second question is, would you be able to share what your order book looks like at this point and over what duration do you think the order book covers and what is the railway component in that order book? That's my second question.

Rushil Tamboli: Right. So, I believe the first question was, with the material prices, going down will we be able to kind of continue, these kinds of savings, am I right with that first question?

Ashwini Agarwal: Yes.

Rushil Tamboli: So, what we have with our customers is on a quarterly basis, we have a price variation formula, which kicks in every quarter, and we have a basket identified with each of our customers, based on the pricing moment, either upwards or downwards, there is a correction in the sales price. So, we may lag by a quarter, or we may be profiting in a quarter but then by the end of the quarter kind of it's either passed on one way or the other. So, it's not something we sustain for a long period of time. The only thing I'll add is that continuously since 31st March 2023, we have seen a decline in material prices. And so, we are seeing this prolonged gain or benefit that we have got in our sales price. So, I believe I've answered the first question. Second question about the order book, we have about 90 crores worth of orders on hand. And this is something which keeps rolling on a horizon of about two to three months.

Ashwini Agarwal: And how much of this is railways?

Rushil Tamboli: How much of this is railways, is that what you asked?

Ashwini Agarwal: Yes.

Rushil Tamboli: So, I would say anywhere from 7% to 8%, if I'm not mistaken.

Ashwini Agarwal: Okay. And Rushil just going back to my first question and going back.

Rushil Tamboli: Sorry, let me just correct that statement of mine. I would say about 4% to 5% as of now and we hope to see it increase in the next financial year.

Ashwini Agarwal: Okay, got it. So, coming back to my first question. So, this 20%, 21% of revenue as material cost, as opposed to 28%, 29% what you had same time last year, if material prices stop falling would it be fair for me to assume that you will have to give back some of this gain?

Rushil Tamboli: Right. So, as I said, there is a price variation formula which kicks in every quarter. And there is a neutrality band above which if there is an increase in prices we get an increase in sales price and then if it goes below the neutrality band then we have to pass on those discounts to the customer.

Moderator: Thank you sir. We have our next question from the line of Harshil Solanki from Equitree Capital. Please go ahead.

Harshil Solanki: I have three questions; I'll quickly go through it. So, under domestic industry, the construction equipment sales grew by 30% in Q3. So, are we seeing the inventory being cleared up and the order placement picking up for us? The second question is on the export front, in the Q1 call we said that, we expect Q2 and Q3 to be soft for us, but now we are saying that things will improve from Q3 FY25. So, wanted to understand what is the situation is right now and what is taking so long for things to improve? And the third one is, there is a new tank under development called Zorawar and the field trials are going to happen soon. So, are we trying to supply tracks for that by leveraging our Arjun tank experience there. And any other visibility on the defence side if you can provide that will be helpful?

Rushil Tamboli: Right. So, as far as the construction industry is concerned, we don't really see any major issues there. As far as slowdowns are concerned, inventories are being liquefied is what we have from our customers. So, we will kind of see a repeat performance as far as the construction industry is concerned. In fact, one of our customers is setting up a new plant, where we have already started getting inquiries and we start serial supply also there soon enough. So, as far as construction is concerned, I don't see too much of an issue for us.

Second question about the visibility. We were expecting things to turn around perhaps in Q4 of this year, but that has perhaps shifted by another couple of quarters. And this is completely beyond our control because there are too many external factors playing a role in this including the geopolitical situation overall slowdown in European economies, American economies, and so on. So, that's something beyond our control and these are the signals we are getting from our customers. And so as of now we can only say that things look much better from Q3 of FY25.

And the third question about defence, I'll answer it a little more generically. I'm not too sure about the exact tank that you are mentioning, or the kind of requirements they would have. But as of now we are supplying, we have to supply about five tracks to the Arjun tank by March of this year. There after we don't see any visibility at the moment, new tenders will open up perhaps only in the next quarter and moving forward. So, we are not really incorporating any defence business as of now until new tenders open up and new visibility comes in front of us. So, I guess that answers all three questions.

Moderator: Thank you. We have our next question from the line of Naga Brahma from NB Investments. Please go ahead.

Naga Brahma: I had two questions. One is with respect to the margins EBITDA and PAT margins, in the investor presentation slide number #17, it has been mentioned that reduced power cost then your input cost the raw material, plus the cost optimization and the operational efficiency. But if I see the gross margin thereafter the costs have gone up, in the sense the employee cost, other expenditure and everything. So, if you see the EBITDA and the net profit margin, they have not grown or increased compared to the gross margin. So, I didn't understand where we have done any improvement on operation and cost optimization?

Rushil Tamboli: So, a large part of the savings is actually from the power savings that we are generating now, with the solar and the hybrid that has played the biggest role in protecting our bottom line so that's one part of it, of course operational efficiencies improve but they are not easily quantifiable. And so, we will not be able to give you an exact number of what percentage of the overall margins or addition to those margins has come from particularly operational efficiencies, but we have a very robust continuous improvement plan which generates good amounts of savings for us. We have the involvement of our entire employee base, who kind of works on cost reduction on various fronts. Cost reductions in terms of improvement in velocity, improvement in quality and there are so many factors which go on in manufacturing a steel casting, it becomes a little tricky to identify and pinpoint exactly where those improvements are. But as I said, a large chunk of those savings come from the power plants that are both now operational. And in fact, the hybrid also has started generating satisfactorily, which we were hopeful of anyways.

Naga Brahma: No, Rushil what I meant to say is, at the gross margin, that is revenues minus the cost of raw materials and power cost, the margins compared to last year same quarter the difference is around 9.5%, but if you go down at net margin level, that difference comes down to 3.2. So, what I meant to say is, there is no any improvement in the cost optimization or anything as such, it is getting reflected in the revenues.

Rushil Tamboli: Right. These numbers as I said, are compounded from so many different factors, product mix being a very important factor, what product mix we produced last year may not necessarily be the exact same product mix in this year as well. So, that's why it will be a little difficult to kind of answer your question very directly.

Naga Brahma: Okay, no problem. My second question is, regarding the export, it is understandable that the current situation in Europe and the US, then all these geopolitical issues must be affecting that demand. But only thing that I couldn't make out is the drop in sales for the domestic market. Because it's not only in the construction segment, even the real estate and road construction, then, all the sectors which uses our parts, they are doing extremely well, in spite of that our domestic sales have come down, if you could enlighten us the reasons for that?

Rushil Tamboli: So, just to kind of clarify one thing, our domestic customers also , sell their equipment overseas. So, though we may be selling to our domestic customers, they may still be reliant on the markets worldwide, one of our big customers has a large presence in South Asia. And so it's not just India that they supply to, it's the rest of South Asia also, which we have to take into consideration.

Naga Brahma: Okay. Lastly, as on this Q3 what was the capacity utilization?

Rushil Tamboli: Q3 was 39%-40%.

Naga Brahma: Okay. Now, earlier it was mentioned that we would be utilizing around 53%. So, that looks a bit difficult in the current scenario?

Rushil Tamboli: Right, at least the next couple of quarters we can assume that we will be slightly improving from Q3 from this quarter, but it will be around this ballpark number. We do expect things to kind of move to about 50% and above maybe Q3 and Q4 of FY25.

Naga Brahma: So, till that time do you expect the utilization to be around the current level or will it go down still further, that's what I asked?

Rushil Tamboli: No, we don't see it going down. We only see slight improvement, the visibility over the next two quarters is slight improvement over this current quarter.

Moderator: Thank you sir. We have our next question from the line of Pranay Gandhi from Green Portfolio. Please go ahead.

Pranay Gandhi: Sir, I just wanted to understand or probably rather know, how many countries is the Company currently present today, given that it targets to be present in +15 country. And are there any specific countries we are targeting. And in addition to that, I just wanted to know if the export business is more profitable or lucrative?

Rushil Tamboli: Sorry, can you please repeat the last statement, your voice cracked?

Pranay Gandhi: Sorry about that. I just wanted to know if the export business is more lucrative than or profitable than the domestic business or it attracts the same margin?

Rushil Tamboli: Right. So, the number of countries is 11. We are currently supplying to 11 countries worldwide. We are mainly focusing currently; our biggest push is with American Railroads and we see a huge scope of increasing our tonnage with the American Railroad industry. So, that will be our main focus area moving forward. As far as margins are concerned we really don't differentiate between a domestic customer and an export customer, I believe we try to maintain an EBITDA margin of say 20%-22% maybe a few more percentage points depending on the complexity of the casting, risks associated with it, etc. So, we ourselves don't necessarily differentiate between a domestic customer and an export customer. But sometimes foreign exchange plays a role, it's been favorable more or less for us the FOREX we have over the last one year. So, perhaps we see a slightly improved margin on that account. But having said that, we as a Company and as a policy do not differentiate between a domestic and an export customer.

Pranay Gandhi: Okay. And would it be possible for the Company or probably you to share that is there any specific target that the management has in mind in terms of the business share coming from export and the domestic market or does it depends on the kind of tenders we get?

Rushil Tamboli: Right. We really don't set any internal targets for ourselves. We take any business that comes our way. And, in fact for the longest time our ratio has been about 50:50. This year it's slightly improved to 60:40, 60% being exports, 40% being domestic, and we are happy with these ranges. So, there is not much we internally strive to do in terms of balancing this ratio.

Pranay Gandhi: Thank you so much. And one final question, considering the current slowdown in the market as of now. Is management confident of achieving the Rs.1000 crore top nine in next four to five years, as previously stated?

Rushil Tamboli: We are quite confident about this. Owing to the fact that there is huge scope in the market, we are exploring currently, three main sectors that we are now pushing to kind of put our foot in are railroad, ground engaging tools and defence. And I'm sure you would also know that all these three sectors have a very large potential for us to achieve that target. So, yes, it's possible we do it, if not in five years, maybe plus minus a few quarters here and there. But it's something we can definitely achieve.

Pranay Gandhi: And considering the fact that we are mentioning North American railroad and the other business which has scope outside India. So, I believe the major part of the business would be coming from the export market itself.

Rushil Tamboli: Sorry, can you please repeat that?

Pranay Gandhi: Considering the fact that you are very bullish on the North American railroad business and other segments, is it right to assume that the major part of the business would be coming from outside India?

Rushil Tamboli: That's correct, as far as railroads are concerned we are focusing mostly on the North American territory and so largely the railway volumes will come from there.

Moderator: Thank you sir. We have our next question from the line of Rakesh Vyas from Quest Investments. Please go ahead.

Rakesh Vyas: I have one clarification and three questions if I may. First, given your commentary around RMDV mechanism, etc, I'm just trying to understand better as to when you look at this business, essentially you look at margins in terms of percentage or margins in terms of per tonne. Because as you highlighted, RM price effectively for us on a rolling basis is a pass through eventually. So, I understand the mix, et cetera but when you look at this business you looked at per tonne or percentage I will get clarity.

Rushil Tamboli: Yes, we look at percentage values we don't really look at per tonne. And in fact, these numbers are actually more relevant to our investors both in us internally, our internal metrics are quite different from what we speak about during these calls. But for our investors call we use percentage as a marker.

Rakesh Vyas: No, I was just trying to understand more from your business operating perspective, because I understand it is better for us to realize, but when you look at any business to be done or generated, I'm just trying to figure that out as to because RM essentially as I got the understanding norm is probably a complete pass through, it mostly is the value addition business and therefore I thought maybe a per tonne metrics or something like that would be much better metrics.

Rushil Tamboli: Yes, there are different ways of looking at this and perhaps due to time constraints and whatnot we may not be able to go into those details on this call. You had other question also sir?

Rakesh Vyas: Yes. So, the questions are around three. One is this new segments that you talked about potentially, I thought I will seek more clarity on the current status, specifically with respect to the railroad and the GET business as to where we are today and what is the timeframe that we can expect things to get materialized in terms of order inflows for us. So, that's question number one. Question number two is, now that I hear you talking about Q3 FY25 onwards, it's getting better for us, we earlier had a plan of almost Rs.300 odd crore of CAPEX which was there in the presentation earlier. So, given the better visibility now can you just talk about as to how you see this CAPEX getting commencement, etc. And the last question is around the competitive intensity, there is another large player on South who is looking to expand the Steelcast machining business in North India and may also be looking at some of our clients, etc. Anything that you can talk about in terms of how you are looking at competitive intensity later?

Rushil Tamboli: I'm sorry, your last question was not very clear. But, I believe you have suggested there are some facilities coming up in North India, and how we see that as competition is that right, is that what your question was?

Rakesh Vyas: Yes.

Rushil Tamboli: Okay. So, first question was timelines for railway and the GET business. There has been a slight delay in capturing the railroad business, the development time has exceeded what we had expected, partly due to some changes and requirements from our customers, and partly due to our internal challenges. So, the whole project of development of these railroads parts, has kind of been delayed more than what we had expected. And so we see, in fact currently we are being audited for the American Association of Railroads. And that certification is required for starting bulk supplies for some of our customers. So, that process also will take maybe four to six months of getting that approval, after which this business will start bulk supplies. So, I guess that Q3 FY25 timeframe also matches the pickup in the railroad industry. A similar thing has happened with our GET business, where we introduced two big customers in this field, we have successfully developed parts for one of them. For the other customer again, there are some delays again due to customer requirements changing as well as our internal challenges. So, that also we can safely say is pushed by another one quarter or two quarters. So, again with both these things we see our business picking up Q3 FY25 and so this date still holds true for that as well.

Rakesh Vyas: On the CAPEX?

Rushil Tamboli: So, again question of Q3 FY25, I've sort of answered that question as well. And as far as the foundry competition is concerned, we cater to very niche kind of industry segments. And we make parts which are very difficult to make, in some cases, we are the only foundry in India who makes them. In some cases, we are maybe one or two foundries in the world who make these parts. So, these are highly complex engineered parts, not run of the mill parts. And so, competition is, there always is a chance that somebody else may be able to develop these parts, but it's not going to be an easy task for them, we have more than sixty years of experience with our engineering, with our quality assurance, and we have a very robust team, which our customers are extremely happy with. As you can see all the certification, the audits that we get ourselves certified for is not something that anybody can do. And so we only focus on our own internal strengths. And we keep ensuring customer satisfaction, quality assurance, and good pricing. And with that, we are happy to have more competition in the market.

Rakesh Vyas: Got it. Just on the potential CAPEX that we were considering ~Rs.320 crore, because now you are fairly confident on 3Q FY25 onward since turning better for us. I thought, I just check where we are on that front in terms of our thought process, when we can start?

Rushil Tamboli: Right. So, again this question has come up in past calls as well. And the only thing is until we achieve a satisfactory capacity utilization with our current facility, there is no real rush to go and setup or invest in more plant and machinery. So, we will wait and hold that decision until we cross that capacity utilization number of maybe 50%, 55%, after which and once we have better visibility we can kick start these projects. But until then we'll just wait and watch.

Moderator: Thank you sir. We have our next question from the line of Shubham Thorat from Perpetual Capital Advisors. Please go ahead.

Shubham Thorat: So, sir a couple of questions from my end, first one is if you can share some thoughts on what kind of products are we planning to supply to North American railroad industry that's one and secondly, which sectors are we catering to in domestic markets and if you can share some thoughts on what kind of visibility we have on domestic demand. These are questions from my side.

Rushil Tamboli: Sure, thank you for the question. As far as products are concerned, we focus on structural parts, high integrity parts, parts which give structural strength to the equipment we supply to. So, those are the kinds of parts we are looking at. We are also looking at some replacement parts also the ground engaging tools that's where we are focusing, which is part of the mining sector, but then these are these replacement parts. So, that's what we are currently focusing on. As far as domestic sectors are concerned. Construction is one of our biggest focuses, construction and mining also, mining, earthmoving and construction these are our focus areas. These have been our base segments for quite some time. As far as new segments that we are looking into are mainly defence, as far as domestic sales are concerned.

Shubham Thorat: If you can share some thoughts on what kind of visibility we have on demand on domestic front?

Rushil Tamboli: Visibility in terms of next financial year or new business development, are you specifically asking for a particular projection?

Shubham Thorat: No, I just wanted to know what kind of long-term view we do have on the domestic front?

Rushil Tamboli: Well, as far as numbers are concerned we definitely hope to see a turnaround sometime next financial year, these numbers will only grow from here, we don't see things going further down from where we are currently. And we see robust growth even with a domestic mining, equipment market or construction equipment market, there's only an upward trajectory that we see moving forward.

Moderator: Thank you sir. We our next question from the line of Chintan Chheda from Quest Investments. Please go ahead.

Chintan Chheda: Can you give the volume for the quarter along with the domestic and export breakup?

Rushil Tamboli: So, tonnages are about 2,900 tonnes, breakup of that is 60% was exported and 40% was domestic.

Moderator: Thank you. So, we have our next question from the line of Harshil Solanki from Equitree Capital. Please go ahead.

Harshil Solanki: So, currently our utilization is on the lower side. So, are we looking at any other divisions or opportunities just to do some business and increase capacity for example Indian railways also there is a lot of work happening, even though the margins may be less, but we can improve our utilization. Any thoughts on that?

Rushil Tamboli: I'm sure. I will say this, I'll answer this offhand. But as far as Indian railroad is concerned, there are some technical challenges also, why we are unable to enter that market. Pricing is obviously, one big issue but there is a technical challenge where there are some certain requirements or certain equipment, which we do not use and because of that we are ineligible for the Indian railroad. That is, it's an offhand remark which I'm making. Again, I look into things, if things have changed, the policies have changed. But yes, we are open to any segment going forward.

Harshil Solanki: Okay. And in the PPT you have mentioned that you are looking to enter new geographies and develop new products. So, is that the US opportunity you are talking about or you are looking at newer other geographies also?

Rushil Tamboli: Sorry, which segment are you referring to sir?

Harshil Solanki: So, in the PPT there is a slide which says potential growth opportunity, in that you have mentioned that you are looking to enter into newer geography. So, can you throw some light on that, is it US or you are looking at some other geography wise apart from this?

Rushil Tamboli: Well, so we've introduced some customers from Japan. That's one area which we have tremendous growth in terms of increasing our volumes. America definitely has a very large scope for us to further increase our tonnages. These are the two main geographies that we would probably be focusing on moving forward, Japan and North America. But there are other opportunities also which we are exploring and perhaps in future calls we will be able to give a better direction on.

Harshil Solanki: Okay. And similarly, there is a new product development part also. So, what is that, GET or something else you are looking at?

Rushil Tamboli: And I'm really sorry, your voice cracked again. Could you please ask the question?

Harshil Solanki: Yes. So, in the same slide, there is a segment that says new product development as a growth driver. So, what products are we looking to develop?

Rushil Tamboli: So, again with this railroad industry, structural parts with the mining industry, railroad industry, so we may making certain parts for customer #A, there may be similar parts required by customer #B, who is a competitor for customer #A. So, in that sense, it's still a new product, but it's more of the same of what we currently do. Focus is always on structural parts, that's where our strength lies, complex, highly engineered parts and that's what we keep exploring and looking into, whether it be railroad, mining, construction, or industry segment.

Harshil Solanki: Okay. And this AAR you spoke about that you are in the process of receiving approvals, but weren't you guys already approved some AAR, you got to do the business with them. So, is there anything which I'm missing here?

Rushil Tamboli: Like there are certifications, multiple different certifications through AAR, we pass one certification, one level of it previously, there is a second stage and slightly different I guess. There are different numbers, which you need to be certified for different parts. So, depending on which part we make, we need to certify ourselves for those products also. It's a product specific audit and then there is an audit for premises. In the past, we've been audited for our premises in our technology, etc where we know we've been certified and now we are going through a product certified audit at the moment.

Harshil Solanki: So, you are saying the full-fledged railroad supplies haven't started yet. And it is only in part?

Rushil Tamboli: So, some supplies have started. As I said, even in this quarter, we are at about 4% to 5% of our sales came from railroads. So, there are certain parts which have been developed, which have been certified, more are in the pipeline, more are still in the development stage. So, this is going to be an ongoing process because I believe more than 20 parts have been developed over the last 18 months.

Harshil Solanki: Understood. And just last one thing, if you can give us the volume for Q3 FY23 also, that will be?

Rushil Tamboli: The volume for Q3 that's about 2,900 tonnes.

Harshil Solanki: No, that is for Q3'24 this quarter, last year same quarter?

Rushil Tamboli: FY23 was 3,787 about 3,800 tonnes.

Moderator: Thank you sir. Due to time constraint, that was the last question for today. I would now like to hand the conference over to Mr. Rushil Tamboli sir for closing comments. Thank you and over to you sir.

Rushil Tamboli: Thank you. On behalf of Steelcast, I Rushil Tamboli along with our Executive Director and CFO, Mr. Sharma and our Company Secretary Mr. Umesh Bhatt, thank you for attending this call and taking the time to interact with us. We look forward for next quarter investor calls. We also want to thank our IR partners Orient Capital for organizing this. Thank you once again.

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