“Steelcast Limited

Q2 FY27 Earnings Conference Call”

November 13, 2026

MANAGEMENT: **MR. CHETAN TAMBOLI – CHAIRMAN AND MANAGING DIRECTOR**
MR. RUSHIL TAMBOLI – WHOLE-TIME DIRECTOR
MR. SUBHASH SHARMA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER
MR. UMESH BHATT – COMPANY SECRETARY

MODERATOR: **MR. ARPIT MUNDRA – ERNST & YOUNG**

Moderator: Ladies and gentlemen, good day, and welcome to the Steelcast Limited Q2 FY27 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Arpit Mundra from EY team. Thank you, and over to you, sir.

Arpit Mundra: Thank you, Steve, and good evening, everyone. Welcome to Steelcast Limited Q2 FY27 and H1 FY27 Earnings Conference Call. To take us through the financial and operational performance for the quarter and half year and to answer your questions, we have with us Mr. Chetan Tamboli, Chairman and Managing Director; Mr. Rushil Tamboli, Whole-Time Director; Mr. Subhash Sharma, Executive Director and CFO; and Mr. Umesh Bhatt, Company Secretary.

Please note a copy of all the disclosures is available in the Investors section of the website as well as on the stock exchanges. Further, a detailed safe harbor statement is given on page number 31 of the investor presentation of the company. Please note that anything said on this call which reflects the outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

Now I shall hand over the call to Mr. Chetan Tamboli for his opening remarks. Over to you, sir. Thank you.

Chetan Tamboli: Thank you, Arpit bhai. Good evening, everyone, and thank you for joining us for the Steelcast Limited's conference call. During the first half of FY27, we delivered healthy growth in revenue and sales volumes supported by strong shipments and demand across our principal end markets.

At the same time, our profitability reflected certain near-term factors, including product development expenditures, investments in manpower ahead of our expansion and the timing difference under our raw material price pass-through mechanism. We continue to maintain a debt-free balance sheet, generate healthy returns on capital and invest in the next phase of our growth.

Our focus remains on expanding our addressable market, increasing our product range, strengthening customer relationships, developing new sectors and geographies and executing our capacity expansion in a disciplined manner.

For this earnings call, we have divided the management presentation into separate sections so that each area can be covered by the relevant member of our management team. First, Mr. Rushil Tamboli will discuss our Q2 FY27 and H1 FY27 performance, including revenue, EBITDA, profitability and margins.

Thereafter, Mr. Subhash Sharma, our CFO, will cover the balance sheet, key financial ratios and our capital allocation approach, followed by Mr. Umesh Bhatt, who will then discuss our

sales volume, capacity utilization, geographical and sector revenue mix and other operating indicators. Finally, I will return to discuss our capacity expansion, business outlook, FY27 guidance, renewable energy initiatives and midterm growth priorities before handing the call back to the moderator for the question-and-answer session.

With that, I will now hand over the call to Mr. Rushil Tamboli to take you through our financial performance. Rushil bhai, over to you.

Rushil Tamboli: Thank you. Good evening, everyone. I will begin with our financial performance for Q2 FY27 and H1 FY27.

Revenue from operations for Q2 FY27 stood at INR138.0 crores compared to INR106.7 crores in Q2 FY26, representing year-on-year growth of 29.4%. On a sequential basis, revenue grew by approximately 10.6% from INR124.8 crores in Q1 FY27.

The strong revenue growth was supported by healthy business volumes and higher dispatches during the quarter. A portion of the higher dispatches also resulted from the liquidation of inventory that had been built during Q1 FY27. EBITDA, excluding other income, increased by 11.8% to INR33.8 crores compared with INR30.2 crores in Q2 FY26.

On a sequential basis, EBITDA was INR32 crores in Q1 FY27. The EBITDA margin stood at 24.5% compared with 28.3% in Q2 FY26, a slight moderation of 387 basis points, and 25.6% in Q1 FY27. The fact that revenue grew faster than EBITDA primarily reflects 3 factors.

- First, we incurred approximately INR1 crores of additional expenditure during the quarter on new product development, including trials, experiments and rework.
- Second, employee expenses increased as we recruited and began training additional employees in advance of the upcoming foundry expansion. This is a deliberate investment to ensure that trained manpower is available when the new facility becomes operational.
- Third, input costs began increasing from the first week of September. The company absorbed this increase during September, while the corresponding price revision under our pass-through mechanism is expected to be reflected subsequently. This created a timing impact on the reported Q2 margin.

Profit after tax for the quarter stood at INR23.4 crores compared with INR23.2 crores in Q2 FY26, representing growth of approximately 0.6% year-on-year. On a sequential basis, PAT remained broadly stable compared with INR23.7 crores in Q1 FY27. The PAT margin stood at 16.9% compared with 21.8% in Q2 FY26 and 19% in Q1 FY27.

Now let me take you to H1 FY27 performance.

Revenue from operations for H1 FY27 was INR262.8 crores compared with INR213.3 crores in H1 FY26, representing year-on-year growth of 23.2%.

EBITDA, excluding other income, increased by 14.3% to INR65.8 crores compared with INR57.5 crores in H1 FY26. The H1 FY27 EBITDA margin was 25% compared with 27% in H1 FY26.

Profit after tax increased by 10.1% to INR47.4 crores compared with INR43.1 crores in H1 FY26. The PAT margin was 18% compared with 21, sorry 20.2% in the corresponding period last year. Overall, the first half delivered healthy growth in revenue, EBITDA and profit after tax. The moderation in margins largely reflects the timing of raw material pass-through, product development expenditure and advanced investments in manpower to support our expansion.

With that, I will now hand over the call to Mr. Subhash Sharma to discuss our balance sheet, financial ratios and capital allocation priorities. Thank you.

Subhash Sharma: Thank you, Rushil bhai. Good evening to everyone. Steelcast continues to maintain a strong and conservative balance sheet, which gives us the flexibility to pursue our growth plans while maintaining financial discipline. The company has remained debt free for the third consecutive year. Our free reserves were approximately INR120 crores.

These reserves are invested across bank fixed deposits, mutual funds and secured bonds. This financial position provides us with a strong liquidity base and the ability to support planned investments through internal accruals. Our return on capital employed for H1 FY27 stood at 28.8% compared with 28.6% for FY26.

Our return on equity for H1 FY27 was 21.9%, broadly stable compared with 22.0% in FY26. These ratios demonstrate our continued focus on capital efficiency even as we invest in manpower, product development, automation, renewable energy and additional manufacturing capacity. We remain committed to balancing shareholder returns with the capital requirements of the business while maintaining a consistent annual payout of 20%.

Our capital allocation framework remains focused on 5 priorities: supporting operating cash generation, investing in debottlenecking and automation, expanding renewable energy capacity, funding greenfield manufacturing capacity and continuing an appropriate dividend payout. In summary, our debt-free status, free reserves and healthy returns ratios provide a strong foundation for the capacity expansion and strategic investments that Chetan sir will discuss later in the call.

I will now hand over the call to Mr. Umesh Bhatt to take you through the operational and quantitative performance. Thank you.

Umesh Bhatt: Thank you, sir. Good evening, everybody. I will take you through our sales volumes, capacity utilization and revenue mix for the quarter and half year. Sales volume during Q2 FY27 was 4,370 tons compared with 4,036 tons in Q1 FY27 and 3,411 tons in Q2 FY26. This represents an increase of approximately 8% sequentially and approximately 28% year-on-year.

Total sales volume for H1 FY27 was 8,406 tons. Capacity utilization on our existing 29,000 tons per annum capacity moderated from approximately 66% in Q1 FY27 to 57% in Q2 FY27.

It is important to view this movement along with the inventory cycle. During Q1, we had built inventory to support anticipated dispatches. This inventory was subsequently liquidated during Q2.

Consequently, Q2 dispatch volumes were higher than the production volumes, resulting in higher sales volume, but lower reported capacity utilization for the quarter. Quarterly utilization can fluctuate based on production and dispatch schedules and same should therefore be assessed over a longer period.

Management currently expects utilization of the existing capacity to be broadly around 60% during FY27. Talking about the exports and domestic mix, exports contributed 52% of Q2 FY27 revenue, while the domestic business contributed 48%. This compares with an export-domestic mix of 64% and 36%, respectively, in Q2 FY26.

In H1 FY27, exports contributed 57% of revenue, while the domestic market contributed 43%. The corresponding mix of H1 FY26 was 59% exports and 41% domestic. During H1 FY27, earthmoving contributed 51%; mining, 21%; construction, 18%; locomotive, 4%; railways, 2%; and others, 4%. Together, earthmoving, mining and construction accounted for approximately 90% of H1 FY27 revenue.

I will now hand the call back to Shri Chetan Tamboli to discuss the company's capacity expansion, order visibility, outlook and concluding remarks.

Chetan Tamboli: Thank you, Umesh bhai. I will now conclude the management presentation by discussing our capacity expansion, FY27 outlook, margin expectations and medium-term strategic priorities.

As mentioned, our existing capacity is 29,000 tons per annum. The Board has already approved the addition of 8,500 tons per annum of greenfield capacity with an estimated investment of approximately INR120 crores over the next 2 years. This expansion will enhance our manufacturing capabilities across a broader range of steel castings, particularly components weighing between 5 kg to 1,000 kg.

In addition, the Board today further approved additional capacity of approximately 3,250 tons with an estimated investment of INR31 crores. Upon completion, our total manufacturing capacity would increase by 11,750 tons from the existing 29,000 tons to 40,750 tons with a total investment of INR151 crores.

The proposed additional capacity is intended to extend our product weight capabilities to castings weighing up to approximately 3.5 tons from the current 2.5 tons. The principal opportunity areas for these heavier castings include construction, mining and earthmoving. Also, the facility would be capable of serving a broader mix of applications.

The estimated INR31 crores investment for the additional capacity is expected to be phased alongside the approved INR120 crores project across FY27 and FY28. Management is currently targeting commissioning of the new foundry around 1 April 2028, while making efforts to complete the project earlier, if feasible. Our executable order book stood at approximately INR145 crores, equivalent to around 3 months of sales.

As a measure of derisking, our wider product development program is continuing and extends across 111 parts over a 3-year rollout. At the time of presentation during the period April to September '26, 55 new parts are under development in various stages of sampling, tooling and customer qualification, and 32 new parts have been developed and 15 out of them have been commercialized during FY27 and moved towards revenue generation.

The development process includes co-engineering with OEM customers, tooling and sampling, pilot orders, process validation and, finally, serial production. For FY27, management is maintaining its revenue growth guidance of approximately 30%. Our confidence is supported by adequate order book, healthy booking across our serviceable segments, ongoing product development and opportunities available in our principal end markets.

Mining and earthmoving are expected to remain key sectors during FY27. Over the medium term, we will continue to focus on strengthening relationships with existing customers, increasing our share of their component requirements, entering new sectors and expanding into additional countries to diversify our export business.

On margins, management has discussed a broad 26% to 27% range for FY27. This should be viewed as a broad full year outlook rather than a quarter-specific assurance, as margins can vary between quarters based on raw material movements and timing of price revisions.

We expect margins to remain under some pressure in Q3 due to the timing of our price pass-through mechanism. Input costs declined during July and August. The benefit of that reduction will need to be passed on to customers in Q3. However, input prices began increasing again from the first week of September. We absorbed the impact of this increase during September, while the corresponding customer price revision is expected to be reflected in Q4.

Accordingly, Q3 is expected to carry both the pass-through of the earlier cost reduction and the temporary absorption of the more recent cost increase. The impact of the September cost increase should begin to be recovered through the pass-through mechanism in Q4. This is principally a timing mismatch between input cost movements and customer price revisions rather than a change in the underlying commercial model.

We expect our business contribution from Europe to increase gradually following the recently received certification discussed by the team. The certification should strengthen our eligibility and customer development opportunities in the European market over the longer term. However, we are not providing a specific timeline from when the higher European contribution will become visible, as customer approvals and qualification cycles can vary.

Renewable energy remains an important part of our operating efficiency and sustainability strategy. Our renewable energy portfolio is planned at 13.3 megawatts, comprising 9.5 megawatts of already commissioned and a further 2.4 megawatts of hybrid power plant and 1.4 megawatts of solar power plant, which are under commissioning. These 2 plants are targeted for commissioning by 31 December '26 and are expected to generate annual power cost savings of approximately INR4.5 crores.

For the existing facility, we will need to add another 6 megawatts of renewable energy capacity so that our internal target of 80% of captive consumption is met for our increased volumes. Land acquisition efforts are in progress for this. For our new facility, we need to install 15 megawatts of renewable power on the basis of 80% captive generation.

Once again, land acquisition for this facility -- for the solar power plant is in progress. To conclude, H1 FY27 was a period of healthy revenue and volume growth, supported by higher dispatches and demand across major end markets. At the same time, we continue to invest in product development, workforce readiness, renewable energy and additional capacity.

These investments are important for expanding our product range, serving heavier casting requirements, entering new markets and supporting the company's next phase of growth. Our debt-free balance sheet, internal accruals, free reserves, capital efficiency and established customer relationships provide us with a strong foundation for executing these plans in a disciplined manner.

Going forward, we remain focused on delivering FY27 growth plans, managing near-term movements through established pass-through mechanisms, executing the approved greenfield capacity expansion, progressing the proposed inland expansion through the appropriate Board process, expanding our product development pipeline, growing our presence in Europe and other geographies, increasing our contribution from new sectors and maintaining disciplined capital allocation.

I would like to thank our employees for their continued commitment, our customers and suppliers for their support and our shareholders and investors for their continued trust in Steelcast. As we speak now and with improved volumes in Q3 and Q4 for FY27, we expect growth of 30% compared to FY26.

With that, we conclude our prepared remarks. I will now hand over the call to the moderator to begin the question-and-answer session. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. First question comes from the line of Rohit Taparia, an Individual Investor.

Rohit Taparia: Congratulations on great revenue numbers. First, my question is, is there any seasonality in our business, like H1 being better H2?

Chetan Tamboli: There is not much of seasonality. But historically, our second half is always better than the first half of any financial year.

Rohit Taparia: Okay. H2 is better. Then, sir, I want to ask the data, you had guided for a 25% of revenue growth in FY27 over FY26.

Chetan Tamboli: Yes, this was guidance in the first quarter investor call. But as we speak, and with improved volumes in Q3 and Q4, we should grow 30% compared to FY26.

Rohit Taparia: Compared to FY26, we are going for 30%. So I want to ask that if 30% is the volume guidance or the revenue guidance?

Chetan Tamboli: It's revenue guidance.

Moderator: The next question comes from the line of Aniket Nikumb with ABN Capital.

Aniket Nikumb: Sir, just a quick question. You've talked about there have been some margin impact because of delay in passing the price of input prices. Is it possible for you to quantify that for us for Q2 and Q3 both so that as investors, we can look at what the real commercial margin is?

Chetan Tamboli: Yes. It's, I think, extremely difficult because it is difficult to predict because generally, the input prices of 2 quarters are compared and then we get a price increase or we have to give a price decrease. Nowwith the present situation and the geopolitics, it's extremely difficult to predict also what will be the input prices which will prevail in the entire Q3, unless we have all these numbers...

Aniket Nikumb: For Q2, can you give for what has already happened?

Chetan Tamboli: So just to give you a very macro number, our raw material cost was INR2 crores higher compared to Q1, and which happened only from the first week of September in the current year.

Aniket Nikumb: Got it. Okay. And maybe just 1 quick follow-up. If you can help also tell us, as we are doing 30% volume growth and more capacity utilization, should we expect some operating leverage, especially on your SG&A and employee costs and so on?

Chetan Tamboli: Yes. Operating leverage will help us, but the input cost increases which we have not been able to pass on, jeopardizes the operating leverage we may get. Moreover, we are also spending on additional people costs, which are required for the new facility.

So that cost is also being absorbed. Moreover, a lot of development cost is also being absorbed by us. But nevertheless, your question is correct. With higher volumes, operating leverage will kick in for sure.

Aniket Nikumb: Got it, sir. And if you can also give some color, we are obviously now doing even more capex than what we had originally thought. So a little bit on demand environment. If you can give some commentary, what are you seeing that is leading you to expand even more aggressively? So that will be helpful.

Chetan Tamboli: What we have been hearing from our customers is that the commodity prices are likely to be staying at elevated levels. A, so with that, there will be more investments into mining, earthmoving industry, together with construction and railroad.

So the higher commodity prices are leading to an increase in demand in these 4 industries. Second, there are also some tailwinds of China Plus One strategy, which is also helping us. Third thing is the increase in overall demand. Fourth is the existing customers are willing to make us develop more parts compared to the competition.

So with all these factors in mind, we expect good growth over the next 3- to 4-year period. And the additional capacity will further increase volumes of the company. And these factors have led us to increase capacities further by 3,250 tons, taking the increase to 11,750 tons and investment being increased from INR120 crores to INR151 crores. And...

Aniket Nikumb: So is it fair to say that it is against some sort of order book that you have visibility on or something like that, right?

Chetan Tamboli: So see, actually, how in this B2B model, how it works is you never get a purchase order for the next 2, 3, 4 years. It is the customers' commitment and the loyalty we have from all our customers, which is driving us for this expansion. And the demand is likely to be good over the next 2, 3 years.

So we will always tell our investors that one has to see this not from any specific quarterly performance, but to see on a longer-term basis. We also expect our margins that have been in the sustainable level of 25%. We should be around that number over a longer term also. And people have to see the volumes coming in from the new facilities also here.

Aniket Nikumb: No, fair enough, sir. You've been always very clear about that. Again, congratulations on your volume growth and expansion plans and look forward to your continued success.

Moderator: The next question comes from the line of Srinath V. with Bellwether Capital.

Srinath V.: Just wanted to understand the capex cost for our new facility from the first time it was announced in the Board meeting to now there's been a revision. So I want to understand if the capex, the infra, the type of machinery, what has actually changed from the first outlay to now? And how is that likely to have an impact on our product mix or on our customer mix? Or anything you can share on that, that will be really useful.

Chetan Tamboli: Yes, Mr. Srinath, a very good question. So for the last several months, we have been getting inquiries from customers where we were required to have an electric arc furnace. The melting now being done in Steelcast is by induction melting. So now if we install this arc furnace, we will automatically broaden our product range.

The arc furnace capacities are about 6-6.5 ton capacity. So with that, our product capability also increases from present 2.5 ton piece weight to 3.5 tons. So with overall macro factors in a very positive way, so we thought that we've been wanting to increase our product range or piece weight capabilities.

So we thought this is an opportune time to do this. And hence, the Board agreed to invest an additional INR31 crores and with an additional 3,250 tons. So these 2 factors will help us for additional market, additional business.

Srinath V.: Got it. Here are 2 questions, sir. With the piece rate going up, does it mean we can, say, do more underground mining parts or what kind of parts that we weren't able to do before we can do? And kind of simplify it for us, small engineers, what is the impact of migrating from an induction furnace to an electric arc furnace?

Chetan Tamboli: Yes. Now the customers buy anywhere from 5 kg to maybe 7,500 kg. That's the weight range they buy. Now as the weight keeps increasing, the volumes keep decreasing. However, the majority of the volume of any given customer will be 5 kg to 4,000 kg.

So we thought that this will be additional business for us. Every year, we keep regretting 400, 500 tons of business, which is more than 2.5 tons and less than 3.5 tons. So this will help us to address this market. Second, there are certain products which needs more refined steel. An induction furnace does very limited refining.

So in an arc furnace, you can further refine the steel. So that was the reason to put an arc furnace instead of an induction melting furnace. So all this will add to our product range, which will facilitate getting more business, and also customer prefers that we have versatile and flexible capacities, which in turn helps us in getting business.

Moderator: The next question comes from the line of Saket Saurabh with Sagari Capital.

Saket Saurabh: I think you have really, been very minority shareholder friendly. The kind of disclosures that you have given about revenue, order book, you know, speaks volumes of your commitment to other shareholders. I must appreciate this before I ask my first question.

Chetan Tamboli: Thank you, sir. Thank you.

Saket Saurabh: Okay, sir. My first question is regarding the order book. I also track and invest in a few other commercial vehicle-focused ancillary companies, where typically there are two types of orders: a longer-term order book and near-term executable orders, which are more like purchase orders.

In our case, the ₹145 crore order book mentioned in the presentation appears to be executable over the next three months, so this is more like a purchase order pipeline, right?

Given that we operate in a more niche segment, particularly mining and earthmoving, does the industry generally not have longer-term order books similar to those of commercial vehicle-focused ancillary players?

Chetan Tamboli: Generally, we have ongoing discussions with our customers every fortnight. In terms of physical purchase orders, we typically have visibility for around 3 to 3.5 months. However, customers continuously provide us with a rolling 12-month forecast. As each month gets completed, another month is added, so we always have forward visibility for the next 12 months.

To answer your question specifically, at any point in time, physical purchase orders generally represent around 3 to 4 months of sales, while the balance is based on customer forecasts and their rolling production plans.

I am not sure how this works in the commercial vehicle industry, particularly whether companies there actually receive long-term purchase orders or simply have longer-term

visibility. There is an important distinction between the two, which you may want to consider while making the comparison.

Saket Saurabh: Sir, I'm referring primarily to the order book. For example, companies like Sona BLW or Ramkrishna Forgings may report an order book of around ₹3,000 crore and subsequently disclose how much of that order book has been executed. These are typically multi-year order books.

So, I wanted to understand whether we have a similar concept of a long-term order book in our business, apart from the 3 to 4 months of physical purchase orders and the 12-month rolling visibility you mentioned.

Chetan Tamboli: Yes. So now if they have physical purchase orders, well, that is very good for them. I'm not very sure whether this happens in all the industries or this is only in the 4-wheeler industries. But in our industries, this is what happens: 3.5- 4 months of physical purchase order business, and then we have 12 months forward visibility.

Saket Saurabh: Got it. Maybe I think the key term here is physical order book. Maybe I think that is specific to it. Maybe that's what drives the scheduling and all. So maybe I think that may be the right term. So my second question would be, sir, if I look at our visibility and then the order book or the order visibility, is it similar?

The breakup is like earthmoving is 50% odd because I don't see much of defense here, and defense and railway are still relatively smaller, railway at 1%. So does the forward book or visibility also look similar to the current revenue base, the end markets that you have specified here?

Chetan Tamboli: Now if you see forward 1 year, forward 2 years, the share of business from mining, earthmoving, they will reduce because other industries, we plan to do more. But if you talk about now, yes, mining, earthmoving, construction is the major end user.

But we have added 4 or 5 different industries. So on a longer-term basis, over a 3- to 5-year horizon, mining, construction and earthmoving will be about 60%, 65%, which is now 90%. Over 3 to 5 years, the other industries will be about 30%, 35%.

Saket Saurabh: That's excellent, sir. You had outlined this strategy earlier as well, and it is good to see the execution progressing in line with that.

My next question is on the pass-through mechanism. Currently, our revenue mix is broadly split between exports and domestic sales. Typically, in the auto ancillary industry, the pass-through mechanism can differ between domestic and export customers.

In our case, if I recall correctly, you had mentioned that we largely cater to the same set of customers in both domestic and export markets. So, does the pass-through mechanism remain the same for both export and domestic sales, or is there any difference between the two?

Chetan Tamboli: No. The pass-through mechanism is the same, whether it's domestic customers or export customers. There are predetermined set formulas where the inputs are compared between the preceding quarter and the current quarter and a price increase or decrease is found out. But the mechanism is the same, domestic and exports.

Saket Saurabh: And sir, you have talked about that export demand would be higher. So maybe second half, can we expect that export share would be more 50% plus, because this time, it's like domestic has done fairly better than last year. Is that a fair assumption?

Chetan Tamboli: Yes. See, historically over the last several years, the exports fluctuate between 50%, 60% and domestic fluctuates between 40%, 50%. So this split will continue. Maybe in FY27 in the second half, maybe exports might be a little more than domestic.

But over a longer term, if you see the past 5 years and forward 5 years, this exports will be 50% plus/minus 5% and domestic will be 50% plus/minus 5%. This is what will happen, and this is what we are monitoring, and this is what we want to do.

Moderator: The next question comes from the line of Harshil Solanki with Equitree Capital.

Harshil Solanki: Sir, I have 2 questions. First is on the power and fuel cost. So we were trying to discuss with our customers in order to pass them on. So have we made any breakthroughs with this regard? And the second question is, I'm a little bit confused on the guidance piece. So if you can help me with that.

So you are seeing a 30% revenue growth and a 60% utilization, which comes to a 25% volume growth and a 30% revenue growth. So you are saying there will be a higher realization component also, which will enable a faster revenue growth for us.

At the same time, you are saying that Q3 margins will be hit, but we will maintain our full year EBITDA margins at 26%, 27%. So I'm a little bit lost on this part. Will Q4 be very good in order to compensate for the Q3 blip in the margins, if you can highlight on this part?

Chetan Tamboli: See, first of all, we are saying that Q3, Q4 will have higher volumes compared to Q1, Q2. Second, because of the pass-through mechanisms we have, we will be compensated for all the cost increases which have happened in Q2.

Three, the higher volumes, operating leverage kicks in, so EBITDA margins will be likely to be better. So with all these factors, we still feel current year EBITDA to be 25%, 26%. And also on a longer-term basis, I'm talking about a 2- to 3-year horizon, 25% will be a sustainable number.

Harshil Solanki: Okay. And on the power and fuel cost, if you can elaborate if you have made any breakthroughs?

Chetan Tamboli: Recently, there has been an increase in power cost also and fuel cost, which is especially natural gas. The natural gas has gone through the roof, almost increased 100% compared to February prices. And this sudden spurt happened only in the third month of a quarter.

So it is a mismatch of timing in getting a price correction from the customer. We'll have to wait until Q3 is over and then to get a relevant price correction. But yes, the fuel costs have gone up significantly high, and we should be able to cover this through price corrections in Q4.

Moderator: The next question comes from the line of Manish Goyal with Thinqwise Wealth Managers.

Manish Goyal: Sir, my question is regarding our GET products. Over the last couple of years, we have been developing several products in this segment, including some of the products you just mentioned. However, in the current revenue breakup, GET is no longer shown as a separate category.

So firstly, could you give us an update on how the GET business is progressing and where we currently stand in terms of product development and revenue contribution?

Secondly, on the defence side, we had secured some business from the international market and were also expecting repeat orders, along with potential opportunities in the domestic market. Could you provide some insights into how both these segments are progressing and how you see the opportunity going forward?

Chetan Tamboli: Yes. Thank you. A very good question. GETs currently is only about 1.5% of sales. And that is why we did not include it in the management commentary. But our longer-term plan, say, by FY29, from the current 1.5%, we will go up to about 6% of our total sales. This is for GETs.

For defense, we don't have any ambitious plans. We will do what comes on our way. As far as Indian defense is concerned, which is no more our focus area. For exports of defense, yes, we have made prototypes, and we are informed that this will happen over 3 to 6 months' time. But defense is no more our focus area.

Manish Goyal: Okay, sir. And what about railways, sir? How is the progress?

Chetan Tamboli: Railways, we don't cater to Indian Railways at all because the pricing is extremely poor. So that's not the focus area. Railways currently is around 3%, and we expect this to reach 5% by FY29.

Manish Goyal: Okay, sir. Just to understand the diversification strategy better, you mentioned that the contribution from businesses beyond mining, construction and earthmoving could eventually reach around 35% to 40%.

If GET, railways and the other existing segments together contribute around 10% to 11%, where do you expect the remaining incremental 15% to 20% to come from? You also mentioned that we are working on 5 to 6 new industries. Should we assume that these new segments will largely drive this incremental contribution?

Chetan Tamboli: Yes. I'm giving you rounded-off numbers. But for FY29, mining equipment will be 35%; earthmoving, 36%; locomotive, 5%; transportation, 1.5%; construction, 12%; railways, 5%;

GETs, 6%; cement, steel and defense, maybe 1% each. So this is how we plan to move from now onwards till FY29.

Manish Goyal: Sir, sorry, this mining initial, I missed out, sir. Mining would be how much, sir?

Chetan Tamboli: Mining is 35%; earthmoving is 36%; locomotive is 5%; transportation, 1.5%; construction, 12%; railroad, 5%; and the other industry, GETs, 6%; and then cement, steel, defense, maybe around 1%, 1.5%.

Manish Goyal: Okay. And this is in revenue terms and not volume, right, sir?

Chetan Tamboli: Yes, these are volumes for FY29 industry-wise.

Manish Goyal: Volume breakup. Because in the presentation, we are giving breakup on the revenue front. So I'm a bit confused that in the presentation, it is volume breakup what we have given, that earthmoving is 51...

Chetan Tamboli: No, no. This is revenue breakup only. It is the same thing. That is for the current year. I'm giving you forward for FY29.

Moderator: The next question comes from the line of Akash Jain with Moneycurves Analytics.

Akash Jain: I have a couple of questions, sir. One is you said that we have incurred additional cost on product development, and also, we have hired employees for the expansion that is coming up. Can you just quantify, sir, how much that number is higher than Q1 in the sense that what is the additional costs you have incurred on those 2 heads in Q2 over Q1?

Chetan Tamboli: For additional expenditure on new products, we have spent INR1 crores. I don't have the exact breakup of employee expenses and the other costs which I mentioned. But for additional expenses on product development, we spent INR1 crores compared to Q1.

Akash Jain: No problem, sir. I have one basic question regarding tariffs. Given the recent developments on the tariff front, could you help us understand the current tariff situation applicable to our products?

Also, is this creating any challenges for us, either from a demand perspective or in terms of our competitive positioning in the market?

Chetan Tamboli: See, the tariffs have come in during April '25. And as we speak, we have gone through 2 or 3 types of revisions, sometimes upwards, sometimes downwards. Our customers have been absorbing this increase in tariffs. So far, till as we speak, we have absolutely no issues. And I think going forward, the tariffs will probably go back to what they were prior to April '25.

Akash Jain: What is the rate now, sir? Just for my understanding, what is the current tariff that the customer is paying for our products?

Chetan Tamboli: Our products are divided into 3 broad categories. And just a minute, if I have those numbers, I can give it to you now. But otherwise, you could ask EY tomorrow and EY will let us know and we'll respond to you. But it should be around 12% to 15% range.

Akash Jain: Okay, sir. One last question. As you mentioned, we have a clear pass-through mechanism with customers for raw-material costs. Even for power and fuel costs, particularly given the increase in natural gas prices, you are confident that we should eventually be able to negotiate appropriate price revisions with customers.

How does this work for logistics costs? Given that around 50% of our products are exported, freight and logistics costs are also important for us, and we have seen significant volatility in these costs due to higher fuel prices and other global disruptions.

So, are higher logistics costs also passed on to customers? If yes, what kind of mechanism do we have for recovering these increases?

Chetan Tamboli: Now, since the last 5 years, all Steelcast sales are on an ex-works basis. The logistics is taken care of by the customer. They pick up the goods. So there is no mechanism for logistics because our sales are ex-works basis.

Akash Jain: Okay. So the customer must be paying a higher price for the -- the higher cost?

Chetan Tamboli: Yes. Customers may have their own contracts with shipping companies. And even if they're paying higher, they may be paying. We have no idea, but logistics cost doesn't really affect us.

Moderator: The next question comes from the line of Srinath V. with Bellwether Capital.

Srinath V.: Given our broader demand outlook, I wanted to understand how prepared are we to run our current facility to max utilization from a standpoint of manpower, from a standpoint of our machining capacity bottlenecks? And last in that would be power, like do we have sufficient renewable energy to run this facility to max utilization?

Chetan Tamboli: Yes. Thank you, Srinath. That’s a very good question.

As per our long-range plan, we have factored in around 90% capacity utilization by FY29, and we believe we have adequate manpower to support that level of utilization.

On the machining side, we have already placed orders with most of the CNC machine OEMs, whose capacities are currently more or less fully booked. We have placed orders for different types of CNC machines, with deliveries scheduled between January 2027 and January 2028. These orders, amounting to approximately ₹35 crore, were placed in September. Therefore, as our production increases, we expect to have the required machining capacity available at the right time.

On renewable power, our objective is to meet around 80% of our power requirement through captive generation. To achieve this, we need an additional 6 MW of solar capacity. Our team is currently scouting for suitable land for the project, which we intend to commission by March 31, 2028.

We expect to take a decision on this investment over the next two to three months and should be in a position to provide a further update by the next quarterly investor call.

Moderator: The next question comes from the line of Mosam Shah with Wealth Guardian.

Mosam Shah: Congratulations on a good volume growth. Just wanted to confirm that we are expecting INR120 crores till capex. Till when is it executable in this year itself?

Chetan Tamboli: This will be executed. The figure is not INR120 crores, but INR151 crores and this will be...

Mosam Shah: Yes, that is total. I was talking about the first phase of expansion, that is of 8,500 tons.

Chetan Tamboli: Yes. So now with today's Board approval, we'll do INR151 crores. And hopefully, we'll commission all this INR151 crores by March 2028.

Mosam Shah: Okay. So what is the capex plan for the current year?

Chetan Tamboli: So current year, we will be investing maybe about INR60 crores by 31 March '27.

Mosam Shah: Okay, sir. Since we have already incurred around ₹19 crore of capex in H1, should we expect another ₹40 crore of capex during H2?

Chetan Tamboli: Yes, please.

Mosam Shah: Balance for FY28?

Chetan Tamboli: Yes.

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

Chetan Tamboli: Thank you to each one of you for being part of our earnings call and participating in the call. We appreciate your support and trust in us. We hope we've been able to address most of your queries. In case of further queries, you may reach out to our Investor Relations Advisor, Ernst & Young, and they will connect with you offline. Thank you very much, and thank you, E&Y team, for supporting and organizing this call. Thank you.

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