

ELECTROSTEEL CASTINGS LIMITED

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20 May, 2024

BSE Limited

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Dalal Street, Fort,
Mumbai – 400 001

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051

Scrip Code: **500128**
ISIN : INE086A01029

Symbol: **ELECTCAST**

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Conference Call

This is in furtherance to our letter dated 8 May, 2024 regarding the conference call of the Company, which was held on 13 May, 2024 at 4.00 pm where the Q4-FY 24 Earnings of the Company was discussed.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the transcript of the said call with the Investors.

Please find below the link of the transcript of the said call that has been uploaded on the website of the Company- <https://www.electrosteel.com/investor/investor-presentation-and-other-documents.php>

This is for your information and records.

Thanking you,

Yours faithfully,

For Electrosteel Castings Limited

Indranil Mitra
Company Secretary



Electrosteel Castings Limited
Q4 FY24 Earnings Conference Call
May 13, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Q4 & FY24 Earnings Conference Call of Electrosteel Castings Limited. As a reminder, all participant lines will be in the listen-only mode, there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikash Verma from E&Y LLP. Thank you and over to you sir.

Vikash Verma: Thank you Davin. Good afternoon everyone. On behalf of Electrosteel Castings Limited, I welcome you all to the Company's Quarter Four and FY24 Earnings Conference Call.

To discuss the performance of the company and to answer the questions we have with us for the company Mr. Umang Kejriwal – Managing Director; Mr. Uddhav Kejriwal – Whole Time Director, Mr. Ashutosh Agarwal – Whole Time Director and Chief Financial Officer and Mr. Gaurav Somani – General Manager Finance.

Before we proceed with this call, I would like to draw your attention to the fact that today's discussion may contain forward-looking statements that are subject to various risks, uncertainties and other factors which will be beyond management control. We kindly request that you bear in mind there may be uncertainties when interpreting such statements. Please note, that this conference is being recorded. 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 handover the conference over to Mr. Umang Kejriwal for his opening remarks. Thank you and over to you sir.

Umang Kejriwal: Hello, everybody. So, another year goes by and I don't really remember when we have been so optimistic as we are now about the future. We always thought that water is the business of the future and we are in the right place at the right time, but for so many years we were definitely at the right place but whether, we were at the right place at the right time we didn't really know. But, today we can confidently say yes, we are at the right time at the right place. And yes things look all right for the future.

As far as figures, et cetera are concerned. They are already in the public domain and to elaborate a little more about them. I will now hand you over to Ashutosh. Thank you.

Ashutosh Agarwal:

Thank you, Sir. Good afternoon, everybody. And a very, very warm welcome in this session. I would like to first explain you about Q4FY24 results. The result will be in two parts consolidated results and standalone results. Consolidated results, Electrosteel Castings total income grew by 6.8% year-on-year to Rs. 2,039 crores, EBITDA surged by 51% approximately year-on-year to Rs.346 crores. Q4FY24 includes a major renovation and repair work of approximately Rs. 60 crores at our Khardah plant in West Bengal. And the plant was also shut down for 53 days approximately during this financial year. The benefit of this shutdown and maintenance is that the efficiency of the plant subsequently will improve and the company will get better result out of this plant. EBITDA margin expanded by 495 bps year-on-year to 17%. PAT grew by 154% to Rs.227 crores. PAT margin expanded by 645 bps year-on-year to 11.1% during this quarter.

Now, moving to standalone results. The Company sold 1,96,000 tonnes of DI pipe during this quarter. The Company's total income was Rs.1,812 crores. EBITDA grew by 36.7% year-on-year to Rs. 319 crores. As informed earlier, Q4 results includes major renovation and repair work and the company has incurred around INR 60 crores which has been incurred in this quarter. And the plant was also shut down for 53 days during this financial year, but the benefit of this will come in subsequent years, due to increase in the productivity and efficiency of the plant. EBITDA margin expanded by 453 bps year-on-year to 17.6%. PAT grew by 116% year-on-year to Rs. 219 crores. PAT margin expanded by 640 bps year-on-year to 12.1% during this quarter.

Now I'm talking about yearly results. First, highlighting the consolidated performance, The Company's total income stood to Rs.7,580 crores in tFY24. EBITDA surged by 56% to Rs.1,281 crores with EBITDA margin of 17%. PAT grew by 134% to Rs.740 crores and PAT margin of 9.8%. EPS for FY24 was Rs. 12.30.

Now, highlighting about the standalone performance for the year. The Company sold 7.47 lakh tonne of DI pipe during this year. Company total income was Rs.7,044 crores during this year. EBITDA surged to 52.10% to Rs.1,246 crores with EBITDA margin of 17.7%. PAT grew by 120% to Rs. 736 crores with PAT margin of 10.4%.

Now, I'm talking about CAPEX of the existing plant, company has spent Rs 390 crores out of Rs. 650 crores CAPEX plan as on March 31st, 2024. The ongoing CAPEX plan is as per the schedule and the new capacity will be up and running by September or October 2025. Taking these accounts, the total capacity of the company would be somewhere around 9 lakhs tonne per annum. Thus, we will maintain the leadership position in the country in DI pipes and fittings.

As of on 31st March 2024 at standalone level, the gross debt of the company has gone down to Rs.2,010 crores and the net debt stands to Rs.1,523 crores. The Company's net debt to equity ratio stands to 0.31:1 as on 31st March 2024. The consolidated level gross debt of the company is down from Rs.2,266 crores to Rs.1,722 crores. The company's net debt to equity ratio is 0.34:1 as on 31st March 2024.

Ashutosh Agarwal: Let me introduce, I have two recent developments. The Board has approved increase of Srikalahasthi unit capacity by 1 lakh tonnes of DI pipe and the CAPEX would be somewhere around Rs. 64 crores. This capacity will be up and running within 15 months' time, that will give a boost to the company and the total capacity of the company would be somewhere around 10 lakh, i.e. 1 million tonnes per annum. The second announcement, we made today with the approval of the Board that the company is going to acquire shortly around 500 acres of land in the state of Odisha with the government's support. We are planning to set up a DI pipe and fitting plant there. So, our objective is first to acquire the land, our team is working and we will come back to you later on with the full details of the project. Now, I request the moderator to open the floor for the question-and-answer session by the investors.

Moderator: Certainly, thank you. We will now begin the question-and-answer session. The first question is from the line of Vikas Singh from PhillipCapital. Please go ahead.

Vikas Singh: Sir, I just want to understand if I just look compare the 4Q standalone versus the consolidated numbers seems to be that the subsidiaries performance on a sequential basis have declined considerably along with the higher other expenses. So, if you could just give us some explanation, what has happened there and is that a one-off event then next quarter they will bounce back?

Gaurav Somani: Hi Vikas this is Gaurav. In case of consolidated numbers, we did an EBITDA of around Rs.346 crores compared to standalone EBITDA number of around Rs.319 crores. So, there has been an uptick in the consolidated EBITDA number.

Vikas Singh: On a sequentially basis basically I would?

Gaurav Somani: On a sequential basis yes, because what happens when we sell to subsidiaries, there is also adjustment of unrealized profit on the stocks which is lying there. So those get adjusted as per the accounting norms.

Ashutosh Agarwal: Vikas, whatever unsold stock is lying in the subsidiary companies and the profit margin we have to adjust here in the consolidated accounts as per IndAS.

Vikas Singh: Understood. Sir, secondly in terms of our CAPEX basically to 9 lakh tonne capacity by what timeframe this capacity would come and what kind of volume we should build in in our FY25 estimates, or everything will come in FY26?

Uddhav Kejriwal: Hi, good afternoon. So, this is '24-25 going on and we expect to conclude '24-25 with 8,50,000 tonnes, '25-26 is when we will see 9 lakh tonnes definitely. and 26-27 we will be at 1 million tonnes.

Vikas Singh: Understood. And our blended EBITDA for this year was closer to Rs. 17,000, so is the run rate we will comfortable with, or sustainable run rate is lower run rate if you could give us some insight into that as well?

Ashutosh Agarwal: The company better with this also, but we are slightly confident about 17%, but we will chase for the better percentage.

Vikas Singh: Understood, sustaining 16% to 17% but definitely we are expecting to do better than that. In view to your 500 acres land purchase then it's probably subsequent CAPEX. How do we see debt moving from here onwards and also a little bit of insight on how we are doing this 1 lakh expansion at a very nominal CAPEX of Rs. 64 crore?

Ashutosh Agarwal: I am answering your second question first, the 1 lakh capacity we are increasing by adding some balancing equipment, so not much CAPEX is required. About your other question, the 500 acres of land acquisition, we have internal accrual funds available, the Company will not be borrowing for that.

Vikas Singh: So, debt reduction story would take a pause for some time, because we can't see both debt reduction and internal land purchase right?

Ashutosh Agarwal: No, there is some understanding gap between me and you. Whatever commitment we have made with the bankers we will meet the commitments first, then we will process fund for acquisition of the land.

Moderator: Thank you. The next question comes from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

Gunit Singh: Sir, we are also adding capacities and some of our competitors like Jai Balaji or Tata Steel also, they have also added capacities or planning to add capacities in future. So, currently I would like to understand the market dynamics currently, what kind of overall demand do we have in India currently, for DI pipes and what kind of supply is there from all the players as of now?

Umang Kejriwal: Currently, the industry player are unable to meet the demand so the new capacity is coming up and going forward, the budget for the current year will be announced immediately after the elections. And this situation is expected to continue. So, we don't really see much issues here.

Gunit Singh: So, as of now what should be the installed capacity in India according to you for DI pipes?

Umang Kejriwal: If you want figures then I'll ask Ashutosh to give you that.

Ashutosh Agarwal: The expected capacity in the year 2024-25 could be somewhere around 46 to 48 lakh tonnes.

Gunit Singh: And sir what kind of capacity additions are we looking at overall for the market over the coming two to three years?

Ashutosh Agarwal: It will be difficult to comment upon 2-3 years. However, we estimate it around 57 lakh tonnes in 25-26.

Gunit Singh: Alright. And sir what is annual demand according to you, this is the installed capacity, current demand?

Ashutosh Agarwal: Currently, the demand is always better than this capacity. Hence, the other players are also going for the increase in the capacity, including us. The industry players are confident about the better demand in domestic market as well as in the international market.

Gunit Singh: Alright Sir, but are you not concerned about overcrowding going ahead as all the players are coming up with new capacity. So do you think that, there would be overcrowding going forward or how do you expect, do you expect the demand to still be ahead of the capacity that is being added. I just want to understand the market dynamics going forward because all companies in our domain have announced the CAPEX.

Ashutosh Agarwal: Sir, your company's Board as well as management has taken the decision of increasing the capacity after proper due diligence of the market and the forecast of the market domestically, as well as international demand.

Gunit Singh: Alright. Sir, so I just want to also understand one thing right now the company is going through missions like, Jal Jeevan Mission and infrastructure projects in the water domain, which probably might continue for the next three to four years. So, post the completion of such projects, what would drive demand for our products. What is your outlook on this?

Umang Kejriwal: We have to see how our GDP will grow after two, three years and after that we can share the forecast. Currently, India's GDP is growing by 7% and going forward it is expected to be better than this. So, going forward, this scenario seems to be quite alright. And there are so many other types of pipes. Once people are able to get enough ductile pipe in the market, then these other types of pipes will start converting back to ductile. That will also help.

Gunit Singh: Alright. And sir my last question is, what kind of growth are we looking at in FY25 in terms of volumes and are we confident of maintaining the EBITDA margins that we arrived at in Q4?

Uddhav Kejriwal: So, as mentioned just a while back, we expect to close FY 24-25 with an output of 8,50,000 tonnes of pipe. So production and sale being around those numbers. And yes, we are confident of maintaining EBITDA in the range of 17% to 18%. The way things are right now, and the way things are looking going forward for the year.

Gunit Singh: Alright. And sir what was the volume in FY24?

Uddhav Kejriwal: So, we closed '23-24 with 7,50,000 tonnes.

Moderator: Thank you. The next question is from the line of Aryan Sharma from B&K Securities. Please go ahead.

Aryan Sharma: I had questions regarding the exports situation actually, we see that exports as a percent of total volumes has fallen from 17% to 15% in FY24. So, could you illustrate the reasons for same as to why it has fallen, and what is the mix that we can expect in the future and which region can we see demand from in the future?

Umang Kejriwal: Well, at present you have the international demand, and you have the domestic demand and you really have to plan as you go along which demand to meet first. So, looking at 17% or 15% or 19% probably is not the way to look at it quarter-to-quarter or half year to half year basis. The management plans and decide where to sell and supply as we go along.

Aryan Sharma: Okay, Sir thank you for clarifying. My second question is regarding the CAPEX plans. Could you just elaborate as to what are the CAPEX plans for FY25 and 26, what will be the total amount we will be incurring for CAPEX and including the Odisha land and how much capacity addition are we expecting in Odisha through these?

Ashutosh Agarwal: As I told you the Odisha CAPEX plan will be in phases. We will increase the capacity gradually and we are seeing on the drawing board stage on Odisha project. Our debt equity will be able to be clear maybe by a month or two, but other than that, we are comfortable that the debt will be reduced as per the plan, as per the commitment with the banks. The FY25 CAPEX is at around Rs. 200 to 225 crores maximum, apart from Odisha.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Omkara Capital. Please go ahead.

Rakesh Roy: Sir just one, in which case we are going to add 1 lakh capacity sir addition?

Ashutosh Agarwal: Srikalahasthi unit, situated in South India near Tirupati.

Rakesh Roy: Already in Srikalahasthi we have already nearby 5,50,000 tonnes?

Ashutosh Agarwal: Correct.

Rakesh Roy: So, again we will add 1 lakh tonnes, so after this 1 lakh it will become 6.5 lakhs tonnes?

Ashutosh Agarwal: Correct.

Rakesh Roy: Yes, Sir. My next question is the last time when we met you, you said that currently demand is high, there is a difference between demand and supply, the supply is lower and demand is

higher. After two years the demand and the supply will equilibrium in that case how we maintain our growth after two or three years?

Umang Kejriwal: As per our forecast in two years it will not be equal.

Rakesh Roy: No, after two, three years as the demand and supply gap will be filled up as many companies are coming with DI pipe like Shyam Metallic's and other companies. So, in two to three years the gap will be fulfilled. So, after two, three years how we will grow, our strategy to maintain our market share? Your comments on that please.

Umang Kejriwal: Our thinking is that in two, three years the demand will not meet up. And we do have demand in the market and it will be there and because of this we are planning to increase the capacity.

Rakesh Roy: Agree. Sir one last question, any plan to add new product in our portfolio apart from the DI pipe in near future after two or three years or after one year?

Umang Kejriwal: We keep discussing about it but till we don't have anything concrete, we can't share with you. Like in previous quarters we had something about rubber, so we came to you with the information now we are firmed up with the Srikalahasthi further expansion and Odisha project. So we have come and shared that with you. So we need things to get a little advanced before we share with you.

Moderator: Thank you. The next question is from the line of Kuber Chauhan from Anand Rathi. Please go ahead.

Kuber Chauhan: I have two questions. First of all, when can we see 1 million tonnes of capacity in our plant, total capacity by which year we are witnessing and secondly, what is the current order book in our hands?

Uddhav Kejriwal: So, we will see 1 million tonnes capacity by FY 26-27 financial years definitely. And on your second question, I like most of the times even currently we see an order book of nine to ten months.

Kuber Chauhan: In units, maybe you can specify?

Uddhav Kejriwal: 6 lakh tonnes let say, so about nine to 10 months.

Kuber Chauhan: In terms of value?

Gaurav Somani: Around Rs. 4,500 crores approximately.

Moderator: Thank you. The next question is from the line of Dey from Niveshaay Investment Advisory. Please go ahead.

Dey: I had this question regarding the competition with the OPVC pipes that we are seeing currently. So, I believe the OPVC pipes are into diameters from 100 mm to 200 mm, I just wanted to understand the industry size or the opportunity which they might take away from the DI pipe category?

Umang Kejriwal: We have lot of types of pipes in the market, we have ductile, we have steel, we have some different types of plastics and then one of the more different types and we feel as and when we are ready to meet the demand of the ductile pipes in the market and go further then we can again begin or again continue to take some market share of different types of pipes, till then we have to first take care of the ductile market demand itself.

Dey: So, sir you believe that this OPVC pipe which I'm talking about, would not take a significant share from the DI pipe or it will not be a competition to DI pipes right?

Umang Kejriwal: No, what I am trying to convey is that, because we are hard pressed to meet the DI demand at present, so we are not able to take away share from other types of pipes.

Dey: Correct. And sir would it be possible to give any volume or any specific guidance for the Odisha plant which is coming up, like we are taking 500 acres of lands approximate amount of volume which you can set up over there in such a area or something like that?

Umang Kejriwal: We have not worked that out in full detail. So, as Ashutosh mentioned, we are not ready with that information, there is no point in sharing a figure with you today and changing it tomorrow.

Dey: Correct. And just a last question. In FY25 we would be added a capacity of around 9 lakh tonnes right?

Uddhav Kejriwal: Yes.

Dey: Correct. And sir you guided for volume growth around 8.5 lakh tonnes. However, in the PPT it is mentioned volumes of around 8.95 lakh tonnes. So, which should be considered?

Gaurav Somani: 8.95 lakh tonnes is the total capacity, there will be at a capacity of around 9 lakh tonnes. It would be operational at the end of the calendar year, so the benefit will be for the part of the year.

Uddhav Kejriwal: So, it is translates in the 9 lakh tonnes only on an annual basis for 25-26 basically.

Moderator: Thank you. The next question comes from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.

Kirtan Mehta: In regards to Odisha plant I do understand that we have not done the work, but is it possible to share what's the sort of the typical size of the Greenfield plant that one is considering, if we

can give a range in terms of what is the range of this plant that will make itself sort of economically feasible and what is the typical CAPEX involved in putting up this kind of plant, raw material basis in terms of per lakh tonne or something like that?

Umang Kejriwal: Wait a bit please, we talk with you all every quarter, if it finalized before that then we will inform you all. Because what has not been confirmed by the Board we can't discuss with you all.

Moderator: Thank you. The next question is from the line of Saloni Hemnani from Molecule Ventures PMS. Please go ahead.

Saloni Hemnani: I have three questions, so the first question is regarding the existing capacity. As you had mentioned in the PPT, it's around 7.4 lakh TPA, but if I add the existing capacity mentioned by you in your results, the Srikalahasthi plant is 5.5 lakh TPA, plus if I do three, so that comes around 8.5 Lakh TPA. So, what's the correct figure in the existing capacity?

Gaurav Somani: Saloni, 5.5 Lakh TPA is at Srikalahasthi will become after the expansion gets completed that is by around Q3 of this financial year.

Saloni Hemnani: Okay, so it's not there yet right?

Gaurav Somani: The CAPEX is going on.

Ashutosh Agarwal: CAPEX is going on in an advanced stage of completion also, it just at the end of quarter it will be 5.5 lakh TPA.

Saloni Hemnani: Okay. So, we are sticking with our original timeline of quarter two of FY25, then we will have this capacity?

Ashutosh Agarwal: We are ahead of the schedule.

Saloni Hemnani: That's great sir. The follow up question is regarding Parbatpur coal block sir, any update on that?

Ashutosh Agarwal: Very difficult to answer this question.

Umang Kejriwal: We have a hearing in Delhi High Court on 25th, you want to say that or not.

Ashutosh Agarwal: The hearing is going on, the next hearing is scheduled on 25th.

Saloni Hemnani: Okay. But any rough figure that we might be internally estimating that, we might be able to receive, like the land component or the overall expenditure that we have done?

Umang Kejriwal: Whatever projections we have made about this in the past have proved wrong. So, all we can say is that the matter is moving forward it's not at a standstill, and we will definitely see recovery.

Moderator: Thank you. The next question is from the line of Jojo Shaju from Alpha Invesco Research Services. Please go ahead.

Jojo Shaju: Sir, I have three questions. Sir first coming to our export market, I just want to understand how much volumes are going into the USA and what sort of volume growth we are witnessing year-on-year?

Gaurav Somani: So, out of all total exports US contributes to around 10% of ECL's export.

Jojo Shaju: Okay. So, the 10% of total exports is going to the US?

Gaurav Somani: Yes.

Jojo Shaju: Okay. Can you give how much is the absolute volume growth, there in the US market, what is the demand outlook there, are you seeing any drop in specifically to the US market?

Ashutosh Agarwal: Seeing the present situation in US, we are not hoping a great increase in the US market.

Jojo Shaju: Okay, not much growth is witnessing from US market?

Ashutosh Agarwal: Yes.

Jojo Shaju: And sir what is the realization from the US market, is there any improvement there?

Ashutosh Agarwal: It's very difficult to quantify this detail, you know there are competitors also in this call.

Uddhav Kejriwal: We will not be able to give a specific quantification of the US market realization.

Jojo Shaju: Sure sir. What would be the domestic realization?

Uddhav Kejriwal: We are happy to talk about an average realization on an overall basis. It would be not appropriate to get into micro details of domestic separately and exports separately. So, on an average basis, if you look at this year gone by about approximately Rs. 74 to 75,000 is our average realization for this year's business that has been concluded. Beyond that, I don't think it would be appropriate for us to detail out on the call.

Jojo Shaju: Sure. And sir my second question is, regarding the 500 acres of land we are purchasing in Odisha, I know you don't have the details, of the plant wise details, but why do you choose Odisha as the location, are we keeping any specific advantage over there?

Umang Kejriwal: Is your question why Odisha?

Jojo Shaju: Yes.

Umang Kejriwal: The port is 167 kilometers away the major raw materials are within a few 100 kilometers and it gives us a lot of confidence to go and work in Odisha with the way we see its development in the last many years. So, these are some of the reasons which were at the forefront.

Jojo Shaju: And sir for this capacity, which is coming there in Odisha, are you targeting for the export market or is it for the domestic market specifically, any platform?

Umang Kejriwal: Both the domestic as well as export markets will be accessible from this location.

Jojo Shaju: Okay. So even you are targeting both domestic and export segments. Thank you sir, and my last question is regarding the coking coal purchase, I just want to know the strategy behind it, what percentage are we hedging, what sort of inventory levels we are keeping for the coking coal. Can you give some understanding over there?

Uddhav Kejriwal: So, if I understood correctly, first of all you have asked about inventory levels. And second is about buying/ booking strategy, right is that the two parts of the question?

Jojo Shaju: Yes, sir.

Uddhav Kejriwal: As far as inventory levels are concerned, we ideally have to be in the zone of three to four month inventory, because this is entirely import based and most of our coals are imported from Australia. So, that is where the inventory levels are supposed to be, number one. On the second part of the question. So, basically we are keeping in mind that the plant needs certain coal at certain time periods based on inventory levels, we try not to cut it too close, keeping in mind the shipping schedules and we definitely look for the right windows to conclude our businesses for the coal buying. Keeping in mind that the coal market has been seeing a good amount of fluctuation in terms of prices in the last couple of months. We would like to believe that our calls have kind of gone right for us in the last few times. And as a result, we are in a decent space as far as our cost are concerned because coal is the kind of the largest contributor in the raw material cost.

Jojo Shaju: Okay, sir understood. But by and large you will be having three to four months of inventory, right?

Uddhav Kejriwal: Yes.

Moderator: Thank you. The next question is from the line of Pramod Jain from Interglobe Finance. Please go ahead.

Pramod Jain: I wanted to understand the EBITDA done per tonne for this quarter. And what is the estimate that we can take for EBITDA margin for the next year?

Uddhav Kejriwal: So, EBITDA per tonne is in the range of between Rs 15,000 to Rs.16,000 per tonne. And, we have already indicated, we expect to maintain the similar range going forward. That is where the entire focus lies as of now.

Pramod Jain: Any specific reason why on quarter-on-quarter basis the EBITDA is down apart from the OPEX cost of Rs. 60 crore?

Uddhav Kejriwal: So, if you compare, I'm sure you are referring to Q3 of this year versus Q4 of this year?

Pramod Jain: Yes, quarter-on-quarter.

Uddhav Kejriwal: So, two broad reasons if we have to put across first of all, there is the majority part of the Khardah shutdown related expenditure that has got debited in Q4 to the tune of approximately Rs. 60 - 62 crores. And the second reason would be that, if we look at the coal and iron ore, which are the two major raw materials for us, in Q4 we have seen about 8% to 10% increase in the cost of the raw materials booked through production. So, these are the two factors which sum up the answer to your question.

Ashutosh Agarwal: Just to add what Mr. Uddhav Kejriwal explained to you, as mentioned in the result also and the outcome also. The company has incurred around Rs.60 crore for repairs and maintenance of its Calcutta base Khardah unit plant and the plant was shut down for 53 days during this financial year. And in this quarter, the plant was shut down for 15 days. This is the main reason of reduction of EBITDA during this quarter.

Moderator: Thank you. The next question is from the line of Miraj Shah from Arihant Capital. Please go ahead.

Miraj Shah: Sir, just three clarifications. Firstly, regarding the 500 acres land that we are going to procure in Odisha, you mentioned that it will be through internal accruals only. So, how much roughly are we going to spend for acquiring this land?

Ashutosh Agarwal: The final negotiations are still going on with the vendor, within a span of 15 days we will be able to click that deal.

Miraj Shah: Okay, the final amount we will come to know in 15 days, but sir a rough estimate would you be able to provide?

Ashutosh Agarwal: Not advisable as there was a restrictions from the vendor.

Miraj Shah: Okay, understood. Sir, second is that on the consolidated numbers, you clarified about this in one of the questions, but I wasn't able to understand this, one tax item pertaining to earlier years of Rs. 36.5 crores?

Ashutosh Agarwal: There was a reversal of tax provision of earlier years, there was a provision we were carrying on after the high court order there was no need of tax provision and we have to reverse it.

Miraj Shah: Understood. This will be according to the High Court order, okay.

Ashutosh Agarwal: Yes.

Miraj Shah: And Sir lastly, on the Jal Jeevan Mission side, government when they came out with this mission they had set out an amount roughly Rs. 3.6 lakh crores that they wanted to spend, till date how much has been completely spent in that so, just to understand how much more is going to be allocated in the budget?

Umang Kejriwal: About Rs. 3.1 lakh crores.

Miraj Shah: Rs. 3.1 lakh has been done, So, in the current budget we cannot expect more than Rs. 50,000 crores or would that amount also be revisable?

Umang Kejriwal: No, we are expecting more than Rs. 50,000 crores in the current budget. And we also expect this mission to move further from here.

Moderator: Thank you. The next question is from the line of Subash from Value Investments. Please go ahead.

Subash: Sir in Q2 earnings call you mentioned that you would be net long-term debt free by FY25 end, is this plan still intact considering the expansions in Srikalahasthi and the land acquisitions in Odisha?

Ashutosh Agarwal: As explained to the earlier analysts, this money lying with the company for acquisition of land and expansion of Srikalahasthi unit, the Company will not be increasing the debt.

Subash: Okay. So, you would be long term debt free by FY25 year end?

Ashutosh Agarwal: Yes, the Company will be long term debt free in the FY25 but for doing capex for the Odisha unit we have to borrow something but that will be decided later not now.

Subash: Okay, sure. And also you mentioned that the order book visibility is for up to six months, few minutes ago but in the presentation I see the visibility is 10 months, so which is the correct date?

Ashutosh Agarwal: It is about 9 to 10 months

Subash: And the value would be around Rs. 5,000 to 6,000 crores?

Ashutosh Agarwal: Rs. 4,500 to 5,000 crore.

Subash: Okay. Just to get an idea, I don't want to poke too much into the final response since you got too many questions, I'm sorry about this. So can you give me an example, let's say that in Srikalahasthi you said you have 5.5 lakh tonnes per annum capacity. So, how many acres of land do you have in Srikalahasthi, in existing plan?

Ashutosh Agarwal: 350 acres of land approximately is the total land available to us.

Subash: Okay. And that's completely utilized in Srikalahasthi, 350 acre land?

Ashutosh Agarwal: No, there is further scope.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Sir, firstly what is the capacity of Khardah and Srikalahasthi as on 31st March 2024?

Ashutosh Agarwal: Around 7.75 lakh tonnes.

Saket Kapoor: Okay. And we are guiding for 8.5 lakh tonnage for FY24-25?

Ashutosh Agarwal: Yes.

Saket Kapoor: And this is post this shutdown, or the repair work which we have done for which we have incurred a cost of Rs. 60 crore. This will ramp up our capacity, the debottlenecking exercise by 75,000 tonne annual?

Ashutosh Agarwal: Yes.

Saket Kapoor: If we net off the Rs. 60 crore with other expenses then also there is an increase of Rs. 40 crore on a Q-on-Q basis on the other expensive, what explains that sir?

Uddhav Kejriwal: It's not Rs. 40 crores, it's something Rs. 30 crores.

Saket Kapoor: Okay, let me correct about Rs. 30 only so what is that?

Uddhav Kejriwal: We told that, we have increase in our raw material of approximately 10% so because of that.

Saket Kapoor: Sir, I am asking about other expenses, if you take the consolidated number Q-on-Q, the number stands at Rs. 587 crore vis-à-vis Rs. 486 crore. So, if I net off the Rs. 60 crore also, then we are also left with Rs. 38, 39 crore increase. Whereas the tonnage has remained same, so what explains this Q-on-Q increase to the tune of Rs. 38 to 40 crore?

Ashutosh Agarwal: Mr. Kapoor I was expecting this question from you. You generally do the detailed analysis. Actually, there was a fuel surcharge imposed by the government and in Srikalahasthi, in quarter four we have provided Rs.14 crore as fuel surcharge. These we will have to pay, we may not to pay also. But for the better understanding and better results and accurate result to the shareholder we have made a provision of 14 crores in Srikalahasthi in Q4 only. Similar in Khardah also, we kept on providing and in some portion also provided in quarter four. It was just a provision that's why you are seeing other expenses.

Saket Kapoor: Ashutosh Ji, will this continue as it's a provision, so it will be implemented in next quarter as well?

Ashutosh Agarwal: We are hopeful that in the next financial year it will settled down by the government and by the court and either it will be reversed or we have to pay.

Saket Kapoor: Okay. And sir in cash flow you have shown one loss on fixed assets of Rs. 26 crores, so this assets are you attributing to this loss of Rs. 26 crores?

Gaurav Somani: We have to buy pipe moulds which are used for manufacturing of the pipes and every year it gets discarded, the discard one is not that we have sold any fixed assets, it is some of the fixed assets which gets discarded at the time of the production of the pipes.

Ashutosh Agarwal: It's life ends.

Saket Kapoor: One closing point, as Umang you are on call and we had an in-depth discussion and there were few question on Odisha project as well. And at the right time you will let us know about it but, as we can see that existing players, and the sentiments of the existing market we are giving importance to fund raising exercise as well. So, when you go to Board for the CAPEX then can you keep the QIP option open as well, because the bouncy in equity market and the growth continuity which you told us in the last 50 minutes. So, on that basis do you have the QIP mandate as well with you or you have to come to the shareholders for fund raising?

Umang Kejriwal: First we will have to decide that and then comes the point of coming to the shareholders or not. So, we do have the options open.

Saket Kapoor: One more small point, we have you on the call from promoters end and who all are addressing the call. I heard a female voice as well was that Priya on the call?

Umang Kejriwal: We have Uddhav and Nityangi's voice was there in the background but she is not part of the call.

Saket Kapoor: It is always good that the promoters participate and we have requested and our request has been adhered and now it has been a practice. So, I congratulate the promoters also to take in keen interest in addressing your investors. Thank you once again and all the best.

Moderator: Thank you. The next question is from the line of Radha from B&K Securities. Please go ahead.

Radha: Sir, my first question was that, you mentioned that next few years debt will be repaid according to the schedule. So, could you quantify the schedule that is there for the next two years?

Ashutosh Agarwal: Next two years we have to pay Rs. 330 crores.

Radha: Sir, you are expected to generate about, if we take conservatively between Rs. 1,500 crores PAT, so from there we will be paying only Rs. 300 crores, so what would be the remaining profit be used for?

Ashutosh Agarwal: That will be used for CAPEX what we have shared you.

Radha: Alright. Secondly, in the consolidated balance sheet so there is an item called other financial liabilities and the non-current liabilities for Rs. 250 crores. Could you tell me what is this regarding?

Ashutosh Agarwal: There was an arbitration case with the railway by the company and the arbitration was awarded in favor of your company. Then railway went to the High Court and the High Court single bench also given the reward in our favor and instructed railway to deposit Rs. 252 crores with the company against the bank guarantee. So, what we did, we have deposited Rs. 252 crores with the bank and taken a bank guarantee against that and submitted to the Calcutta High court. This is the answer of this question.

Radha: Alright sir. So, we are still expecting a favorable outcome?

Ashutosh Agarwal: We are always expecting for the favorable outcome. The Calcutta High Court single bench has given the result in our favor, now the railway has gone to the divisional bench and we are waiting for the hearing to be happened.

Shailesh: Sir, I have one question to ask this is Shailesh, so unlike peers, we have a lot of accreditations in the overseas market and there are a lot of opportunity in the MENA and Africa region, but why you are not sounding very positive for the exports market, you are saying supply will be balanced out for both domestic and exports. So, what is the restricting as to cater more demand in the exports market when there is a good opportunity, so we are expanding the

capacity, profitability is better in the overseas market, then why we are not very bullish in the overseas market sir?

Umang Kejriwal: I don't know what I said to make you feel that we are not bullish in the overseas market. So, let me correct myself, we are bullish. And all I was trying to convey is that, from period to period we have to plan how much we should try to sell abroad and how much we should try to sell in India. That's all I was trying to say.

Moderator: Thank you. The next question is from the line of Dipesh Sancheti from Mayankar Finance. Please go ahead.

Dipesh Sancheti: The question was regarding the plant shutdown which we took, as you had mentioned that it was a 15 day shutdown last quarter and the rest of the days were for this quarter. And the total cost was around Rs 60-62 crores was it divided in quarter wise according to number of days or it was completely taken in Q4?

Ashutosh Agarwal: No. It was mainly there was shut down in previous quarter, quarter three and 15 days shutdown in quarter four.

Dipesh Sancheti: Okay. And the entire cost was taken in quarter four?

Ashutosh Agarwal: Rs. 13 crores was taken in Q3FY24, whatever bill we have received in Q3FY24 we have considered in Q3FY24 only, balance material we received in the month of Q4FY24 only that's why it is booked in Q4FY24.

Dipesh Sancheti: Okay. So, what do we expect from this shutdown and maintenance, how much more capacity increase would have been done with this plant shut down?

Ashutosh Agarwal: This will increase the efficiency of the plant and since the efficiency of the plant will improve, that will increase capacity also that will increase the productivity also.

Dipesh Sancheti: So directly the effect will not be on top end but on the bottom line, is that what one can expect?

Ashutosh Agarwal: Both ends.

Dipesh Sancheti: Okay. And what are the capacity utilization in this quarter for the same plant which went for?

Ashutosh Agarwal: Q4 you mean to say?

Dipesh Sancheti: Yes, Q4.

Ashutosh Agarwal: 93%, due to 15 days shut down.

Moderator: Thank you. Ladies and gentlemen, due to time constraints that will be our last question for today. I would now like to hand the conference over to the management from Electrosteel Castings Limited for closing comments. Over to you sir.

Umang Kejriwal: So, I want to thank everybody for taking the time out to come and talk to us about what we are doing, how we are doing and together how we see the future evolving out. Thank you very much.

Ashutosh Agarwal: Thank you, everybody.

Uddhav Kejriwal: Thank you.

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