13 August 2026

BSE Limited
The Manager
Corporate Relationship Department
1st Floor, P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001.
BSE Scrip Code: 500243

National Stock Exchange of India Limited
The Manager
Listing Department
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.
NSE Scrip Code: KIRLOSIND

Sir / Madam,

Subject: Updates of material subsidiary

We wish to inform you that Kirloskar Ferrous Industries Limited (KFIL), a listed material subsidiary of the Company, has intimated to the stock exchange, where the shares of KFIL are listed, an intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Listing Regulations), a copy of the intimation (which is self-explanatory) filed with the stock exchanges by KFIL is enclosed for your ready reference.

You are requested to take the same on your record.

Thanking you.

For Kirloskar Industries Limited

ashwini vijay mali
Digitally signed by ashwini vijay mali
Date: 2026.08.13 19:16:32 +05'30'

Ashwini Mali
Company Secretary

Encl: a/a

Kirloskar Ferrous

Ref No. 3360/26 13 August 2026

The Department of Corporate Services
BSE Limited
P. J. Towers, Dalal Street, Fort,
Mumbai 400001
(Scrip code : 500245)

Dear Sir / Madam,

Subject : Transcript of the conference call

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation of earlier communication vide letter No. 3357/26 dated 6 August 2026; this is to inform that the transcript of the conference call for investors and analysts held on Thursday, 6 August 2026 at 4:00 p.m. (IST) is enclosed herewith and has been available at the website of the Company viz. www.kirloskarferrous.com

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Kirloskar Ferrous Industries Limited

Mayuresh Vinayak Gharpure

Digitally signed by Mayuresh Vinayak Gharpure
Date: 2026.08.13 18:12:45 +05'30'

Mayuresh Gharpure
Company Secretary

Encl : a/a

Kirloskar Ferrous Industries Limited
A Kirloskar Group Company

Registered Office :
'One Avante', Level 5, Karve Road, Kothrud, Pune 411038, Maharashtra
Telephone : +91 (20) 69065040 Email : kfilinvestor@kirloskar.com
Website : www.kirloskarferrous.com
CIN : L27101PN1991PLC063223

"Kirloskar Ferrous Industries Limited

Q1 of FY '27 Earnings Conference Call"

6 August 2026

MANAGEMENT: **MR. R.V. GUMASTE – MANAGING DIRECTOR – KIRLOSKAR FERROUS INDUSTRIES LIMITED**
MR. R. S. SRIVATSAN – EXECUTIVE DIRECTOR (FINANCE) AND CHIEF FINANCIAL OFFICER – KIRLOSKAR FERROUS INDUSTRIES LIMITED

MODERATOR: **MR. PALLAV AGARWAL – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Kirloskar Ferrous Industries Limited Q1 FY '27 Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this call is being recorded.

I now hand the conference over to Mr. Pallav Agarwal from Antique Stock Broking. Thank you, and over to you, sir.

Pallav Agarwal: Yes. Thank you, Shruti, and good afternoon, everyone. A very warm welcome to the Kirloskar Ferrous Industries First Quarter FY '27 Earnings Call. We have the senior management team of the company, represented by Mr. R.V. Gumaste, the Managing Director; and Mr. R. S. Srivatsan, the Executive Director, (Finance) and CFO.

I would now like to hand over the call to Mr. Gumaste for his opening remarks. Over to you, sir.

R.V. Gumaste: Yes. Thank you, Pallav. Let me, first of all, welcome all the analysts and investors to this call, quarter 1 Kirloskar Ferrous Industries Limited. And I would like to start with a few highlights, before we start with the question and answers. All of you have already seen the results published by the company.

And just to bring on the production and sales quantities, with respect to pig iron, we produced 1,65,120 metric ton of pig iron against last year's 1,57,112 metric ton, an increase of 5 %. And in case of castings, against last year first quarter 36,929 ton, we produced 43,800 tons, an increase of 19%, whereas the tube total production last year was 56,558 metric tons. Against that, we have come down to 51,968 metric tons, which is a drop of 8%.

Coming to the sales quantities, we sold 1,28,737 metric ton in quarter 1 external sales against 1,32,392 tons in the quarter. So it's a drop of 3%, which indicates that internal consumption was higher because last year Q1, we had stoppage of Jejuri plant for a few days. So the consumption in this year first quarter is more than last year's first quarter.

And casting sales is 41,345 metric tons against 34,941 metric tons, which is an increase of 18% compared to last year's first quarter. Tube sales totalled 41,512 tons against last year's 48,461 metric tons, which is a drop of almost 14%.

During the quarter, we improved sales realization on pig iron and we could hold the sales realization on castings, whereas the tube product mix, we could not hold on to the sales realization. We had to sell more of line pipes in the absence of high realizing export orders as well as realizing oil and gas tubes.

We continue to work on our all the projects. There's no change in our project plans. And currently, we are right now executing all the important projects, completion of 35-megawatt solar plant already in the stage of commissioning and 12 windmills of 2.1 megawatt each. And we expect all this will get commissioned in the quarters to June to September.

Completion of 2-part foundry in Solapur with a capacity of 15,000 metric ton per annum for producing the large castings. Expansion of Rajpura in 2 phases. Phase 1 is expanding the present capacity to between 40,000 to 50,000 metric ton per annum. The existing capacity is about 25,000 metric ton per annum and which means about 2,200 metric ton per month, and we have started producing and selling that quantity.

The capacity at Rajpura foundry is totally sold out. So in the next 8 months, we will expand the capacity to 2x of that, at least go up to 40,000 to 45,000 metric tons per annum and subsequently in Phase 2, take it to 6,000 tons per month or 70,000 metric tons per annum.

With this, we will have a producible capacity of 1,10,000 at Koppal close to 90,000 in Solapur and Rajpura with Phase 2 implementation, 70,000 metric tons. So, we will have a realizable capacity across all the 6 foundries put together will have a capacity of 270,000 metric ton per annum.

We are also working for upgradation of Hiriyur pig iron plant with the capacity to produce pig iron upto 360,000 metric ton also bring the efficiency in terms of reduced coal consumption with pulverized coal injection, bell-less top and all the features what we have incorporated in MBF blast furnace 1 and 2 at Koppal. We are also progressing well on oxygen plant and the enhanced pulverized coal injection in Koppal blast furnace 1 and 2, and we expect by February, March, we complete those projects.

We've also taken up the rolling capacity enhancement at Jejuri to go to 25,000 metric ton of rolling against 15,000 metric ton rolling today. So the capacity will go to 3 lakh metric ton rolling out of which 240,000 tons will be saleable product, external sales of alloy steel products.

We have also started the project for premium couplings to be made in Baramati. And we expect to order this project in next few weeks' time. In addition to this, we are also progressing on the 3 large projects, which is steel plant at Koppal and expander mill to produce large capacity seamless tubes at Baramati and beneficiation and pellet plant and operationalization of iron ore mines at Koppal. All these 3 projects are at different stages of execution and some of them, especially the large ones are at the start of the project.

So, we continue to be focused and continue to focus on the growth so that we double the capacity in castings as well as in steel sales and tube going up to 350,000 to 400,000 metric ton per annum. As all of you know, because of the geopolitical conditions, there has been disturbance, especially in the export of steel tubes as well as power and fuel costs.

For example, the LPG consumption in Solapur, the cost has got doubled compared to the efficient purchasing before the war. We hope that the fuel costs will come down or adjust a little bit, but we have impact of higher power and fuel cost, especially in Maharashtra and Solapur as well as other steel and tube plants in Maharashtra.

We have been able to pass on the cost increase to customers in case of castings. In case of alloy steels, so still under discussions. We expect that we will pass on that cost increase to customers. In terms of tubes, we are looking forward to close the tenders and get into manufacturing of large volumes. We are optimistic that we will catch up with the loss of production sales in the first quarter in the remaining 3 quarters.

With these few words, I would like to open the lines for question and answers. Thank you very much.

Moderator: Thank you. The first question is from the line Nirmal from Unique PMS. Please go ahead.

Nirmal: Sir, my first question is on the other expenses. So we've seen a jump in other expenses by about INR100 crores year-on-year and about INR50 crores sequentially. So if you can explain what led to this increase?

R.V. Gumaste: I think there are 2 components to that. The increase is INR58 crores. And out of INR100 crores, INR 58 crores is in power and fuel. And out of this, I would put it as 2 parts, around INR 28 crores to INR29 crores is because of the rate increase. And those INR28 crores is because of the quantity increase.

One important aspect is the casting production and sales in Rajpura has increased and the power and fuel consumption comes for that. And also, it's important to note that last year, we had a long shutdown of Jejuri plant. And this time, we are running normal full month. So the difference is, I would say that half of it is around INR30 crores is because of the rate.

We are quite confident we will pass on this cost to customers in case of castings and in case of steel with delay, I think we should be able to pass it on to customers. Tube market has to pick up to get that difference in the cost.

I think other than this fuel rate increase, also there is a change in the regulatory for the power consumption. One important aspect is we are now not allowed to do the power trading. We used to get about INR10 crores per annum of benefit by power trading. Whatever is the gap of our green power versus what we could buy from exchange that has stopped. And also the quarter in the last compared to this first quarter versus last year, there has been also impact of change in the regulation.

Earlier, we were allowed to use the green power for 17 hours. Now it is only allowed for 8 hours. I think there is a small impact coming because of that. I think these are the few components, and we will have to work around this to bring down our power and fuel cost or pass it on to the customers.

Nirmal: Okay, sir. And sir, regarding this regulation change, are we expecting any impact so we were putting 35-megawatt solar right now in windmills too. So does this regulation change affect any savings from those projects also?

R.V. Gumaste: Yes, yes. It affects the savings because the efficiency goes down, only 8 hours we have to do. But I would still say that whatever capacity we have built, we are well within the limits. Say instead of getting INR100 crores benefit in a year, we may get INR80 crores benefit in a year. Payback period from 3 years may go to 3.6 or 3.7 years.

There is a negative impact, but we continue to progress because still there is benefit. And we are also already examining how quickly we can move on to battery storage systems on megawatt level so that we can continue with our journey of solar and wind power and not really go back on that commitment of green power and also thereby the commercial benefits coming.

But battery storage is still not in big way, but I'm very sure that we will start and we will take certain power through battery very shortly.

Nirmal: Okay, sir. Sir, my second question was on the annual report, we've disclosed the contingent liability with forest development fee of about INR 350 crores. Can you explain what is this about?

R.V. Gumaste: I think as Mr. Srivatsan is online, I would request for his help to answer this question.

R. S. Srivatsan: Yes. Srivatsan here. Government of Karnataka had levied forest development fees in 2016. Then we all went to the high court and the petition came in favour of us. Then government has gone to the Supreme Court and still Supreme Court judgment has not come. The fee is 8%, which we are providing and showing it as a contingent liability.

Nirmal: Any time lines on when we expect a judgment.

R. S. Srivatsan: This is the Supreme Court, sir.

Nirmal: Okay. So I mean, is the case pending?

R. S. Srivatsan: It has gone through the hearing and then we reserve for the order. So it is sub judice as as of now.

Moderator: The next question is from the line of Vipul Mody, an individual investor.

Vipul Mody: Am I audible?

R.V. Gumaste: Yes, you are audible.

Vipul Mody: Sir, so my question is regarding our casting business and even the other way. See, right now, whatever steps we are taking is like more about efficiency in cost and efficiency in production. So apart from the efficiency, are we looking to develop something else, something else in the sense that beyond castings, so maybe we can go in for subassembly or something like setting up our assembly lines to integrate internal components like valves, pistons, brackets, seals into the casted housing. So we supply kind of subassembly instead of just the casting.

Now something like a fully dressed cylinder head or a completed tractor axle housing. So this transforms the company from a component foundry to Tier 1 modular engineering partner. So are we looking to do something like this or something expanding into very large exotic steel, exotic castings, niche products. So it is like in high-margin downstream sectors like aerospace, defence, renewable energy, heavy industrial machinery or something.

And then there are different sectors like a lot of casting, I think it has a lot of scope and many sectors are still untouched or we are not too much into it. and how about the -- what's the status about 3D core mold printing, rapid prototyping? Are we doing it? Or is it on the process? So can you just throw light on this?

R.V. Gumaste: Yes. Thank you very much. I think we are on this direction though still the aggregates could be a little far away. But as you know, we have started the machining plants or machine shops in all the 3 locations, Koppal, Solapur and Rajpura. And from all the 3 plants, we are already supplying the fully machined components, which are ready for assembly.

For example, we are supplying to one of our OEMs a 6 cylinder head, which is fully machined and ready for assembly with child parts. So it's highly value added, and it is a forward integration for us. So we are committed to doing that and more and more orders will be fully machined and ready for assembly coming orders from our customers. We are expanding the machine shop in all the 3 locations.

Now we are also looking at different casting components fully machine, they could be away from automotive industry, they could be from earthmoving equipment. We are talking about large casting, fully machined supplies going beyond the tractor and auto industry, which could be high realizing low volume, high value-added products.

We are also talking about compacted graphite castings, which could also be high value and high-end castings. So all our orders year after year are only going north in terms of the pricing is concerned. If you must have also noticed that last year, though the commodity prices went down, our casting realization did not go down, rather, we maintained or slightly improved. So I would say that though may not be up to the fully assembled parts, but machined and with child parts we are already doing, I think we will increase that.

Another thing is we have 3D printing, and we have a proto manufacturing facility and our protos are very close to serial production. Hence, our customers have been able to buy large volumes, like, for example, 50-cylinder block through the proto route. So we are doing well on that. It's also a feeder for our new business coming out of the new components being developed by our customers. Thank you very much.

Vipul Mody: Are we looking at no-bake resin sand foundry or something like that?

R.V. Gumaste: Yes, we are commissioning shortly. So I think by October, we will commission the no-bake or 2-part casting foundry. And we have created good capacity like 1,250 metric tons per month. And we are confident the capacities are getting booked faster. And we are also working whether we can expand in other location, one more 2-part foundry as the capacity requirement comes up, we will work on that.

Vipul Mody: Okay. And what would be the maximum size of castings after all these things are done?

R.V. Gumaste: Around 3 tons.

Vipul Mody: 3 tons.

R.V. Gumaste: 3 tons.

Vipul Mody: 3 tons. Okay. And are we supplying to any mining crushing mineral processing industry?

R.V. Gumaste: We are not into any mining or wear resistant parts. We have not entered. But as we go to 2-part foundry or the no-bake castings, we'll get more flexibility. We don't have to stick to only one box size. I think it opens up to other business sectors as well. I take your point, I think there will be more opportunities beyond the auto and tractors.

Vipul Mody: I think even renewable energy, wind turbine hubs and all that stuff.

R.V. Gumaste: No, I think as you know, foundry is a very vast business. And it's like we are talking about 12 million to 15 million tons of castings from India, like China is 45 million, 50 million tons. We can't do everything. We are selectively looking at what are our strengths? Where are the opportunities? And I can say that we are not the one to miss any opportunities, but at the same time, we can't do everything. We will work and connect to our business. Yes.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Yes. Namaskar. Hope, I am audible?

R.V. Gumaste: Yes, audible.

Saket Kapoor: Just telling continuation to the facts that's being shared by you, so taking into account the one-off factors, how should our EBITDA margin be shaping up for entering part of the financial year? And I think so with the ramping up of our machining shop capacity, how will that result in higher EBITDA per kg on the casting business. If you could just give us some more color on how things are going to shape up going ahead depending upon the current business environment and the order and the deliverables from the customers?

R.V. Gumaste: Yes. First of all, I would like to touch upon that currently for quarter 1, we are at 12% to 13% EBITDA. It's very important things which are the developments in the last 1 or 2 quarters. One is the continuously falling commodity prices have taken a break and we have some improvement in the commodity prices.

For example, the pig iron prices have gone up and the steel price increases also have been announced by many manufacturers. So, I feel that the commodity prices going southward is reversed. And also, there is a lot of input cost pressures on all the commodities. So I would expect the prices not to go down, but to improve.

Second important point is that compared to last year, we have got some better scenario for pig iron. Second point. Third point is that international prices of pig iron have picked up. As we are talking, we are also exporting 30,000 metric ton of pig iron and the price realization is slightly better than domestic prices.

So many of the pig iron manufacturers are exporting the pig iron, and we are getting support for the domestic pig iron prices. At the same time, also, there is some break to the dumping of coke into India, which was taking the other connected commodity prices low. I expect that we get a support there, and this should stabilize the pig iron business.

Demand for castings, I think over the many months now and especially now it has been very strong from all the sectors, tractors, automobile as well as the earthmoving equipment, stationary engines, every sector is improving. I would say that this will give us the support to get the price corrections done because of the commodity price increase, other price increases. I expect realization improvement substantially coming in the casting business as well as some increase coming in the steel business.

And I would say that as casting business, realizations and the pricing improves, we should also be able to ramp up the volumes and realize higher sales. and also this quarter, especially quarter 1 was end of commodity prices going down, and we have to increase the prices. We are still in the process of concluding price increases and cost increase pass ons. I expect that we will get these benefits in quarter 2 and 3 and thereafter. So I would say that I'm optimistic and we should look for improved performance in the coming quarters.

Saket Kapoor: Sir, our EBITDA margin trajectory has been in this 12% to 12.25% levels only. So with the type of improvement that we are seeing and I think about the cost that has been mentioned by you, how are the EBITDA margin percentage going to trend going ahead?

R.V. Gumaste: I think what I would like to say here that our steel and tube EBITDA margins have been in the range of 14% to 17% in that bracket, whereas our pig iron business being substantially high. Last 4 years, we suffered on the pig iron business.

Our EBITDA margin overall company level got pulled down because of the pig iron prices. I expect now that we have some support on the pig iron. So it should support us for improving the overall company level EBITDA as well as pig iron EBITDA improvement, which supports for the casting and steel tube as well. Overall company level should improve.

But as I have told many times, I think I'm a firm believer that 15% EBITDA plus/minus 1% is a right level to operate on castings. Castings could go up now because of the demand and because of the capacity constraints, we can look for better pricing and better EBITDA margins in casting.

Whereas we are into wait and watch situation on the tubes because of dumping from China continuing as well as the subdued demand condition as on today. But let's see how the tube picks up. I don't think it will go bad long period, but it's a short period right now. We can't push too much of line pipes into market. So the oil and gas should take its share and the project should take its share, then it gets balanced and we get the overall value from the tube business.

Saket Kapoor: So sir, going ahead, there should be then improvement in our EBITDA percentage also or even on a sequential basis because of the factors just alluded by you, especially for the pig iron. That understanding is correct?

R.V. Gumaste: Absolutely. Yes. But in case of castings, we have to get the customer correction. In case of tube, it is a market dynamics and nothing to do with. There's no understanding in the market for price escalation. So we have to really get the increase from the market for the tubes.

Saket Kapoor: Sir, I think tubes realizations were flattish or somewhat higher if we take the year-on-year comparison. However, quarter-on-quarter, the realization did move up. So can you please explain to us definitely, the volumes were on the lower side, but the realizations were up. So what kind of volumes are we expecting? And I think so we had a large order also in execution from an oil major, so where are we? And what should be the trajectory for the tube segment in terms of the volumes that we are going to execute for the remaining part of the year?

R.V. Gumaste: No, I would right now only say that in the remaining 3 quarters, we are looking forward to recovery of the volumes and recovery of the margins coming in the remaining 3 quarters, and we should not read only with quarter 1. I'm not prepared how much really it will make an impact on EBITDA.

Saket Kapoor: Okay. And if I could just add one thing on this. For the pig iron part, sir, you mentioned that we have exited the downtrend and which is very much evident that on a Q-on-Q basis also from a base of 39,000 per metric ton, it is now closer to 42,400. So what are the current realization? And how much of this realization has been eaten up by the higher RM prices?

R.V. Gumaste: Yes. I think you have dot on point. One is the dollar exchange rate. Other is the coal prices are also impacting on the cost front. But we still have a slight delta improvement on realization in spite of the cost increase. I will just keep it there. I think you understand.

Moderator: The next question is from the line of Dhruvesh Kanakia from Antique Stock Broking Limited.

Dhruvesh Kanakia: Would you be able to give us some guidance on what kind of volumes we can expect in the remaining 9 months for pig iron, castings, steel and tubes?

R.V. Gumaste: See, I have visibility on pig iron, and I think quite good opportunity still for us to go very close to 7 lakh metric tons for this year, it could be slightly less, but we can think of this progress coming in this year done well, and we expect to take it into remaining 3.

And as you see, quarter 1, our volumes compared to last year on castings is up 19%. And I think we should be able to achieve more than 15% growth, something like gross sales of 1,62,000 going to maybe 1,88,000, something like that, which amounts to about very close to anywhere 17%, 18%, 20% growth on castings. So demand is big. We have also added capacity across Solapur as well as Rajpura. Rajpura, we have already reached the full capacity. the increase has to come from Solapur.

And coming to steel, I have talked about we will be running full and we expect growth to come in steel. I think we will be able to do external sales of at least 1 lakh to 1,10,000 metric tons, which also amounts to more than 20% growth. We did about 84,000 tons. Tube is the one, I think we are looking at least volumetric growth of 10% coming in tube compared to last year. I think overall, this will ensure that the volumetric growth of at least 15% coming overall with all the products. With the price supporting, I think it should support a decent growth in terms of top line also in coming 3 quarters.

Moderator: The current participant line has been disconnected. We'll move on to the next question. The next question is from the line of Manish Goyal from Thinkwise Wealth Managers.

Manish Goyal: Sir, yesterday at the AGM, sir, we displayed our aspiration of achieving INR 14,000 crores revenue in medium term with 3 lakh tons of casting products, 3 lakh tons of casting sales and 4 lakh tons of tube sales. So sir, roughly by which year do you think we should be able to reach that? And annual report also mentioned that we would need a seventh foundry considering high demand for casting. So what is it pertaining to?

Third question around the 2-part foundry. This 15,000 tons capacity is for Phase 1? Or maybe if you can give more perspective as to what we are looking in terms of Phase 1 capacity and Phase 2 capacity? And what is our visibility on the volumes in terms of sales for engines for gen-sets, off-highway, any other products? And will it be completely machined?

R.V. Gumaste: Yes. First of all, let me cover that 2-part foundry in Solapur, Phase 1, Phase 2, we have clubbed together to make it to 15,000 metric ton per annum. There will be no more on that. So generally, these castings are high priced, and we expect that even though 15,000, it brings a good revenue and good contribution from that.

Including this sixth foundry, our total realizable installed capacity is 2,70,000 metric tons, which I think we will realize it in this financial year plus 2 more years to go to 2,70,000. And if we bring more foundry, I expect that in 3 to 4 years, we'll be able to reach to 3 lakh metric ton per annum in case of castings. Just keep in mind that we are also expanding the machining along with the castings, and we are also expanding the large castings along with the normal castings.

Coming to the pig iron, we will be upgrading all the blast furnaces. We will produce 9 lakh metric tons per annum of liquid metal. Maybe slightly more, but not less. It could go to even 1 million ton possibly if we are able to operate at high efficiency, which will ensure that in spite of furnace going to steel, we will still have 0.5 million ton pig iron for sales. We will not go substantially down, 0.5 million metric ton, we will continue to sell.

With respect to tube, I have clarity with respect to 3,50,000 metric ton per annum, which should happen on completion of expander mill. Expander mill will take 2 years to build. And I expect that even the tube to go to 3,50,000 will take 3 to 4 years. So all these 3 areas we will take 3 to 4 years, whereas steel going to 2,40,000 metric ton external sale, we can achieve along with steel making or steel commissioning in Koppal, which is 2 years down the line.

Manish Goyal: Okay. This large casting sir, what is the visibility in near term in Phase 1, how much capacity will come up and by when we can actually start the sales? And have we booked our capacities and what kind of realization can we see?

R.V. Gumaste: See, one of the customer wants the full capacity. And we have already started working to build more large castings foundry. So I would say +that I'm looking at within 1 year out of the 1,250 at least we should be able to go to 500 to 600 tons per month down the line in 1 year to 1.5 years. So one more year after that, we should be able to utilize the capacity fully.

Manish Goyal: Okay. And sir, what about our status in terms of moving 1 MBF to steelmaking? Where are we in that phase?

R.V. Gumaste: Yes. I think we are almost getting ready. We have all the government clearances in place and we have made the preliminary working everything ready, project report, project timeline, technology partners. We have to press the button and we have to clear the land because it happens to be within the present factory premises. So I think within next 2, 3 months, we go to the next stage and make it ready to get commissioned within 2 years.

Manish Goyal: And sir, last question on tubes. Sir, we totally have 23,000 tons order as per annual report, both from ONGC and probably Oil India, and that also includes coupling. So sir, where is the delay in terms of execution? And can we expect the execution to happen in the probably next couple of quarters?

R.V. Gumaste: I think that order should be completed in the next 2 quarters.

Manish Goyal: Very informative and educative annual report, sir. A lot of hard word done by you and your team, sir.

Moderator: The next question is from the line of Sahil Sanghvi from Monarch Networth Capital.

Sahil Sanghvi: Sir, my first question is what is the current coking coal cost in our P&L? The reason I ask this, sir, is that would we be seeing further increase in the coking coal cost next quarter? Or have we fully priced in the high cost?

R.V. Gumaste: I think as I have mentioned to you earlier, we generally carry 3 months coal stock. And I think June, July, August would be the period where we are going to have this high-cost coal.

June, July, August would be higher than April, May, June. And after that, we have to see the coal prices have slightly come down and whether it can come down, whether we can blend. I think there are a few possibilities with the available coal and coal supplies coming forward. But definitely, I think the peak will get mitigated to some extent.

Sahil Sanghvi: Sure, sir. That's helpful, sir. Sir, my second question is our pig iron prices, the realization that I'm seeing, is it a blend of the foundry and steel grade or because you said we are still expecting some price hikes. So or is it largely foundry grade?

R.V. Gumaste: No. I think see, today, if you see, Sahil, we are almost we plan today this month, 58,000 tons of pig iron sales. I'm talking including the internal sales, you can remove 10,000. So this kind of volume is a combination of steel grade or you call it basic grade and also foundry grade. All grades are mixed. Foundry grade is I think around 20,000, 25,000 not more than that.

Sahil Sanghvi: Sure, sir, sure. Sir, thirdly, my I mean, you have been explaining all the capex programs that you will be taking up. I think there's a lot to do. Would our capex spend in absolute number be around INR 600 crores, INR 700 crores per annum, would you be spending higher?

R.V. Gumaste: I would say what really controls is also some cautionary positions being taken because of the geopolitical scenarios. Like war happening or some tariffs announcement. I think even that is becoming a new norm. I think there's no point in waiting for anything.

I think first of all, this year, I feel that we should be in the range of INR 600 crores, INR 700 crores of capex, but should be able to pick up higher levels because when we trigger the large capex programs, they don't wait. Then they pick up. For example, we take up upgrade of Hiriyur foundry, sorry, Hiriyur pig iron plant. We do it in 9 months, and it takes away whatever INR 130 crores, INR140 crores.

Similarly, I would say that steel project expander mill, they are all around 20-22 months program. So when we start, I think the spend will catch up. I think next year, next to next year, capex would be higher than this year.

Another thing also keep in mind that we are not going to have aggressive spend on green power because now there are so many regulatory things. We can't expand anymore unless we put substantial investment into battery. Battery is an evolving technology. I don't think we will put 500 megawatts of battery. So we will start with 50, 60, 70, something like that.

So the spend on green power will slow down and the other projects will pick up. So every year, I think we will raise the capex to a higher level to cover all these projects. In short, there are about INR 3.5 crores of projects to be done in next 4 years.

Sahil Sanghvi: Sorry, sir, how much you said 3,000...?

R.V. Gumaste: Around INR 3,000 crores to INR 3,500 crores in next 4 years.

Sahil Sanghvi: Got it, sir. Sir, lastly, about the tube market and the scenario right now, we see a lot of volatility with respect to the pricing, with respect to the product mix and all. And I mean, if you can give us some more details about how is the market, how I mean, what are the demand scenarios and how is the prospects where is the limitation over here when it comes to going higher on growth or selling more of the high-margin products? If you can explain that, sir, a little bit more understanding on the market for tubes?

R.V. Gumaste: I think as you know, the auto market is doing very well and the tractor market is doing very well. Related to that, with the bearing industry, etcetera, they are doing very well. And but they are not in case of tubes or in case of alloy steel, they are not the high-yielding markets. whereas oil and gas into turmoil. But we are still hopeful that with high fuel prices as well as reconstruction requirements in the Middle East. So it has to trigger there is no second thought about it.

Also, there are huge new applications evolving, high-pressure storage systems, transportation systems. We are working at that. But right now, I can say that oil and gas-related activity is subdued because of which the volumes are less. Export volumes somehow got affected and they are not doing well. I think if the scenario becomes a new norm, I expect things to move and orders to flow in, and we should be able to increase the high-value oil and gas-related tubings going in the coming quarters, including premium couplings, which is better pricing, all that. But I agree with you that the tubing the steel tube market is volatile.

Sahil Sanghvi: Is there a replacement of seamless tubes with welded happening because that is what I'm hearing from a couple of welded tube players that they have been able to take up the demand. Are you seeing the same thing, sir?

R.V. Gumaste: This volatility is nothing to do with that. Some applications do change, but this volatility has nothing to do with that.

Moderator: The next question is from the line of Anurag Patil from Quest Investment Managers.

Anurag Patil: Sir, I just need a clarification on the power cost. So earlier, we were expecting around INR40 crores to INR45 crores of cost savings due to solar. And now the costs have elevated due to the gas pricing and also due to this power trading regulation that which have changed. So net-net on an annual basis, how do you see the overall power cost? Still there will be absolute basis, there will be increase or it will be neutralized more or less?

R.V. Gumaste: See, what I would say is what we have done 70 megawatt solar, I still expect that this will give us INR 70 crores to INR80 crores benefit in terms of power cost. 35 megawatt solar similarly, but slightly less, but I still expect INR30 crores kind of a benefit coming. And windmill generates more. they generate much higher. It is equivalent to 55 megawatts. So I expect both of these put together, we should get again, INR70 crores to INR80 crores benefit.

So but these are, I think, realizable projections, and we need to commission and get into regular operations. Also, it's very important to keep in mind that there are some seasonal effects, both in solar and wind. Wind is predominantly during June, July, August September. And solar is low in June, July, August September, because you should not expect that wind low season, we will not get benefit.

We get wind to 70% benefit during these 4 months. So we are catching up with commissioning, but we are also not catching up with something. What gets commissioned in September has to wait for the next season, but still that 30% or 40%, we will get it.

So I would say that whatever we have done investment, it is safe. And instead of getting higher, we are getting slightly lower, but it is still a substantial thing. Now having come up to this, what do we do in terms of our vision to bring at least the power cost to a level like 5% to 6% company level. One is we have done very well with respect to waste heat recovery power in Koppal, and we are completely self-sufficient. We don't have cost there. But fuel costs have doubled. We expect that it will taper down.

And also, we are working at alternative fuels to cut down the price increase impact. But once again, because of this changed scenario, we have some job to do on our strategy, our planning and certain project execution to mitigate the cost. I think I will have more clarity in coming months. We'll have to look and see what way we will move.

And also, it's very important to see what way the battery storage system takes the effect because government and all the agencies are looking for this area developments to come in the coming years. So we have some work to do once again on the power and fuel area of basically the Maharashtra business. The Karnataka, we are well covered with the waste heat recovery power.

Anurag Patil: Okay. And sir, this change in the power trading regulations, so is there any workaround possible in the future or there is no other way?

R.V. Gumaste: No. I think that trading window they have closed, they are asking for many. I think all that will become possible if we have battery storage, till that time.

Moderator: The next question is from the line of Pratik Kothari from Unique PMS.

Pratik Kothari: Sir, one coming back on tubes and our intent even in the annual report, you have mentioned we want to bring the share up of oil and gas and the other high margin. So keeping the external demand aside, what else are we doing or can we do internally to kind of bridge this gap?

R.V. Gumaste: Can you repeat?

Pratik Kothari: Yes. My question was in the annual report also, we have mentioned that we want to bring the share of oil and gas in the tube segment higher, which are all higher margin. So keeping the external thing aside, internally, what all can we do?

R.V. Gumaste: I think one of the things what we are working. I think it's very important. It's all what we are doing internal. One is increase our capacity for processing the oil and gas tubes at the higher level because we get small window like 3, 4 months to execute large projects. So we have already done a lot of work on that.

Second thing, we are building our capacity to manufacture and supply the premium couplings, high value, and we keep the value in-house. Third one is the increase the portfolio offerings. We are offering only up to 10 inches, and it covers only around 60% of the market, what we are able to address. And if we go up to 18 inches, we will be able to address the market another 40%. So I think these are the things what we are doing internally to ensure that we service the wider market and also create capacities. And I'm sure the market demand will come back, and we will be well prepared to take care of and address the market demand.

Pratik Kothari: And time line, sir, for all of this would be what in the next 12 months?

R.V. Gumaste: I think we are looking at within next 12 months, except the expander mill. Going up to 18 inch will take 2 years from now. I think everything will be in place.

Pratik Kothari: Correct. Okay. Sir, second on steel, one, if you can comment on the profitability for this quarter in the steel segment. And two, in Koppal, we had I mean, plans to expand there, but we have not started work. So have you taken the decision to start there?

R.V. Gumaste: I think we have taken the decision to go ahead. We will go ahead. We are ready to go ahead and will take 2 years to implement the project. Coming to Jejuri, one is very very important aspect is power and fuel cost. And we want for that 35 megawatt to be in place and 12 windmills to be in place. And we have done well on improving the yield and reducing the other cost of manufacturing, we have done well.

Coming to how to roll more rolling capacity and expansion because once Koppal comes, Koppal will supply the blooms to Baramati. And hence, we need to increase the external sales. For that, we are enhancing the rolling mill capacity to 25,000 per month, annually 3 lakh tons. So that we start that activity now itself and put in place within next, say, about 18 months' time so that we are well ahead ready for buying the blooms, rolling it and selling to our valuable customers. So in short, we are saying that we want to establish 0.25 million tons of external alloy steel sales and at the expanded tube capacity of 3.5 lakh to 4 lakh tons per annum.

Pratik Kothari: All the best and excellent annual report this time, sir.

Moderator: Ladies and gentlemen, that was the last question. I now hand the floor over to the management for closing remarks.

R.V. Gumaste: Yes. First of all, I would like to thank all the participants for very interesting and very intelligent questions. I find all our analysts and investors are well informed about our company and plans and programs. And that gives me happiness. Thank you so much for joining and look forward to see you next quarter. All the best to everyone. This is a volatile situation from the market point of view and also for the business point of view. We'll continue to do our best to mitigate these volatilities. Thank you very much.

Moderator: Thank you very much. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.