13 February 2025

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 you record.

Thanking you.

For Kirloskar Industries Limited

ashwini vijay mali

Digitally signed by ashwini vijay mali
Date: 2025.02.13 11:23:34 +05'30'

Ashwini Mali
Company Secretary

Ref No. 3156/25 12 February 2025

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. 3153/25 dated 5 February 2025; this is to inform that the transcript of the conference call for Investors and Analysts held on Wednesday, 5 February 2025 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: 2025.02.12 18:37:24 +05'30'

Mayuresh Gharpure
Company Secretary

Encl : a/a

Kirloskar Ferrous Industries Limited
A Kirloskar Group Company

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Telephone : +91 (20) 69065040 Email : kfilinvestor@kirloskar.com
Website : www.kirloskarferrous.com
CIN : L27101PN1991PLC063223

"Kirloskar Ferrous Industries Limited

Q3 FY '25 Results Conference Call"

5 February 2025

MANAGEMENT: **MR. R.V. GUMASTE – MANAGING DIRECTOR**
MR. R.S. SRIVATSAN – EXECUTIVE DIRECTOR FINANCE & CHIEF FINANCIAL OFFICER

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

Moderator: Ladies and gentlemen, good day, and welcome to the Kirloskar Ferrous Industries Limited 3Q FY '25 Results Conference Call hosted by Antique Stockbroking 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 this conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference 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, Robin, and good afternoon, everyone. A very warm welcome to the Third Quarter FY '25 Results Call of Kirloskar Ferrous Industries. We have the senior management of the company represented by the Managing Director, Mr. Gumaste; and the Executive Director of Finance and CFO, Mr. Srivatsan.

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

R. V. Gumaste: Thank you very much, and welcome all the participants for today's conference call. I will start with some numbers, which are basically relating to the pig iron casting, steel and tubes.

During the quarter, in general, the markets were subdued and especially pig iron went through a very tough challenge on the margin front. We operated all the 3 furnaces most of the time, except the Hiriyur plant went through some maintenance activities and the capacity utilization is 93%, whereas other 2 were more than 100% capacity utilization.

So we produced close to 1,50,000 tons of liquid pig iron and the casting production during the quarter was 35,000 between the 2 units, which is better than third quarter of last year. Tubes also, the production was 52,465, which is much better than third quarter last year, 23% higher tube production and 19% higher casting production pig iron and 3% less than the last year. However, steel production was 48,800 against 55,000 last year, which is less by 12% quarter-on-quarter.

Coming to the sales during the quarter, we were better off on the pig iron and the total cumulative sales for 9 months is better and higher by almost 26%, whereas casting, we have done about 1 lakh metric ton of casting sales against 91,000 last year. However, quarter 3 is subdued because of the pig iron -- sorry, tractor industry demand being subdued.

Done better in tubes, though the volume sales is slightly subdued, 3% less, but we expect that quarter 3 and quarter 4 are going to be much better than quarter 1 and quarter 2 because quarter 1 and 2 were affected, one, from the market condition, but also because of some of the operational reasons, one of them being merger-related issues as well as the ERP system implementation-related issues.

Over to the next quarter, we are seeing some improvement in almost all the sectors from January, February onwards, better demand forecast from the casting, from the tractor industry as well as earthmoving equipment and commercial vehicle also, schedules are better compared to the last 2 quarters.

The major pressure is on the pig iron and steel margins because of the increased input costs and almost bottoming down to lowest possible prices on pig iron across the regions. So though we don't see any immediate major increase in the pig iron prices, but we expect to get some benefit of reduced cost coming on account of two things.

One is because of reduced coking coal prices quarter-on-quarter because of the reducing coking coal prices. Typically, we have 3 months inventory, so we get delayed benefit by 3 months. Also, we have started operating Bharat Mines, and we are gradually increasing the consumption or utilization of our own iron ore. That should also benefit in the coming months and quarters.

Overall, I would say that the quarter 3 was the quarter of headwinds though the volumes have not come down much, rather our sales this quarter is marginally better compared to the quarter 3 of last year, improved by 4% overall. But on the margin front, definitely, there is pressure.

On the project front, we have commissioned the solar power plant, Phase I and Phase II are now in place. We are operating close to 69 megawatt out of the 70-megawatt power plant. And as I mentioned, Bharat Mines operations are on, and we are moving the iron ore and have started consuming the iron ore. And also we have started trial production and sample supplies from Oliver and we expect that from the month of February and March, we should be able to start ramping up of the production and sales and Oliver should start giving us the volumes from quarter 1 of next financial year.

With this brief introduction, I would request to open the question-answer so that I can try and answer the questions, if any, coming from the audience. Thank you very much.

Moderator: Thank you very much. We have the first question from the line of Nirmam from Unique PMS. Please go ahead.

Nirmam: Sir, so my question is, largely, if we look at our performance over the last 2, 3 years, so keeping aside the prices, our volumes have largely remained flat in almost all the segments. So are there any specific challenges or hiccups that we are facing on the volume front? And secondly, so -- and where can these volumes go to in the next, say, 2 to 3 years?

R. V. Gumaste: I think with respect to first the pig iron volumes, it's a question of continuously running. I think the volumes -- though the pig iron volumes have gone up, with the merger of ISMT into KFIL, so our sales have come down because our remained flat, though we have increased the output because of the internal transfer to Jejuri. This is with respect to pig iron.

Going forward, we are looking that next 12 months, we should be able to produce hot metal of 7 lakh tons and saleable pig iron should come to about 6 lakh ton or 5,70,000 tons, so which will increase, but there have been some headwinds, But otherwise, I see this progress happening in coming quarters.

Casting depends also on the market condition, especially the tractors and automotive industry and also our capacity additions and new product development. And we have reached a level of about 36,000 in a quarter, and we are adding Oliver and some more orders from the customers.

And subject to the market, of course, we expect that casting -- has been sluggish for 2 years, but we will achieve some reasonable growth this year. I'm quite hopeful that we will achieve some reasonable growth this year itself. As on date, the volumetric growth is 9%. We have sold 1 lakh ton till date, should expect, if we do well, going towards 1,40,000 tons against 1,26,000 or 1,28,000 tons last year.

Coming to the tubes business, there have been ups and downs, but we have enhanced the Baramati manufacturing capacity and the plant has come to the level of manufacturing 12,500 metric ton per month from the level of 10,000 metric ton per month. And I definitely look forward to producing and selling 1,50,000 ton next year, and Ahmednagar contributing anywhere between 40,000 to 45,000. So we can look forward to tube volumes of 2 lakh metric ton next year for the whole year.

Steel is one where we have the challenge of variable cost because of the power cost and arc furnace and steel scrap route. But we are hopeful and we are confident of going towards green steel and then also bringing down the cost and should be able to enhance the output and the sales. But I agree that last year and this year, it has been sluggish at the same level. But once again, I look forward that we are working for both reducing the cost, improving the competitiveness, and we should be able to sell more steel in coming.

So we are working towards substantial growth on casting and tube as well as steel and pig iron will be the balance to be sorted.

Nirmam: Got it, sir. That was helpful. And sir, so coming to the Casting segment, so even the profitability this quarter was lower. So what were the reasons here?

R. V. Gumaste: No, one of the main reason is we are running 2 foundries in Solapur, whereas selling 1 foundry quantity. And that increases the cost substantially. I think that has been the real cost drainer. Other than that, I don't see any major issue. We have a volume growth ramp-up opportunity of at least another 20,000 tons from the 40,000 level now, another 20,000 possibility in Solapur very quickly, can happen in 2 to 3 quarters, and that can take us to 60,000 ton in Solapur, 1,10,000 in Koppal plus Oliver. So the profitability is mainly because of the higher cost in Solapur right now.

Nirmam: Okay, sir. And sir, just one clarification on the solar project that we've done. So we spent INR270 crores for this 69 megawatts. Is that right?

R. V. Gumaste: INR370 crores.

Nirmam: Sorry?

R. V. Gumaste: When we started, this cost is close to INR3.8 crores per megawatt.

Nirmam: And so for and we have further plans for installing solar capacity, right?

R. V. Gumaste: Yes, yes.

Nirmam: How much would that...

R. V. Gumaste: We have a plan to add more, but we are very closely observing government policies also. See, the flexibility with monthly banking is different than real-time consumption. And I would say that battery storage of mass power is still not a viable proposition. So the solar expansion requires at least the bare minimum 1-day banking. Without that -- the monthly banking is the ideal, but without that, it is very difficult.

So we are closely watching. But otherwise, we have said that we would like to expand 200-megawatt DC. And in the meantime, we also have commitment that we have ordered wind power also to the extent of 12.6 megawatts. And of course, the wind generate much more than solar, almost double. So we will keep on balancing between wind and solar.

Moderator: The next question is from the line of Aashav Patel from Molecule Ventures PMS.

Aashav Patel: My question is a follow-up question to our earlier discussion regarding the casting volumes. So the volumes in Casting segment has been really disappointing over last 2 years. We are still at the FY '23 run rate of 1.3 lakh metric tons despite having additional capacity plus the Oliver acquisition. So what exactly are the challenges we are facing? Because a few quarters back, we were talking about seeing green shoots in the deemed export market and now even tractor industry like players like Swaraj has been reporting robust set of numbers, highest ever numbers. So what is the exactly challenge which we are facing we are not able to ramp up the volumes?

R. V. Gumaste: Now, a few things. One, I just told that Oliver is yet to get into the productionization. So I expect that maybe one more quarter, we should be into substantial production, like maybe 1,000 ton per month, 1,500 ton per month, if possible, within a quarter or two from the Oliver. That volume is still definitely not in our current quarterly volumes.

As I mentioned to you, we have produced and sold about 100,000 tons of castings in last 3 quarters. And we have lost at least 15,000 to 20,000 in this because of the tractor industry bit of slowdown. And other than that, I would say that, coming quarters, we are quite -- there are no major challenges other than new product development-related challenges and the industry demand challenges. I think we should be able to get breakthrough in coming quarters in terms of volumes.

Aashav Patel: And what would be the revised estimate for FY '26 in terms of volume? I understand pricing is not in our control, but in terms of volume?

R. V. Gumaste: I think it could be maybe about 1,75,000, 1,70,000 kind of numbers. We are yet to finalize the plans, but that's the kind of numbers I look forward for the next year.

Aashav Patel: Okay. And sir, when can we double the mining capacity to 2.5 lakh metric tons?

R. V. Gumaste: I think both are important, that one is mining, other is utilization. We have just started consuming the iron ore, trying to increase the consumptions. It is still I would say that we are at low-grade levels. We will be able to improve the grade and consumptions quickly. And I expect next year also, we will go with the 1,20,000, but we will have around 2 lakh ton for consumptions.

Aashav Patel: Okay. And sir, what is your view on the deemed export segment? Because now that our sales mix has more of, say, CV in terms of export and deemed export compared to tractors, so now we are more skewed towards that subsegment, how do you see demand shaping up there? Because we were expecting some green shoots because of European power crisis, we were expecting a lot of additional demand to flow into India. So where are we there? What is the outlook?

R. V. Gumaste: I think there has been very steady and continued support on the earthmoving equipment sector. We are adding more components, more developments into that. And with respect to commercial vehicles, not only there is a steady supply, but volumes are increasing further. I expect, over the next couple of months, growth of at least 20%.

The customers from 7,000 to 8,000 vehicles per month have moved to 10,000 vehicles per month. It is something like 30% to 40% growth on commercial vehicles with one customer. And I think there is a good support, and that's why I am thinking that the next year, we should look for volume beyond 1,70,000 for the whole year.

Aashav Patel: Got it, sir. And sir, last question, apart from the 70 megawatt, which we have already commenced, what would be the road map for the incremental power capacities coming up, timeline?

R. V. Gumaste: See, we have already ordered 12.5 -- 12.6 megawatt on wind, and we are working on another 12.6 megawatt on wind. We are working on 30-megawatt solar. Also, there is Maharashtra some reconsideration on power policy for renewable energy. We are a little bit -- we are watching that what happens because right now, it is 1-month banking, which is very good and very essential for promoting green power.

And otherwise, I would say that we are looking forward to add another 70 megawatt equivalent in next 1 year time. So about 25 megawatt of wind will mean 50 megawatt of solar plus 30 megawatt of solar, about another 70 to 80 megawatt equivalent in the next 1-year time.

Moderator: The next question is from the line of Divy Agrawal from Ficom Family Office.

Divy Agrawal: So sir, just wanted to know about the power cost. So I mean, with all the power costs coming in, with all the power projects coming in, so what will the approximate savings that we will have on the P&L?

R. V. Gumaste: Sir, today, solar power plants are being set up at INR3 crores per megawatt DC. And the cost has come down over the last 2, 3 years. And as I mentioned, we are looking for 70, 80 megawatts. So we are definitely looking for a capex of about INR200 crores into green power within the next 1-year time. And typically, 1 megawatt of solar, the power cost saving is INR1 crores per annum.

Divy Agrawal: Okay. So basically, INR200 crores of savings we will have after all the...

R. V. Gumaste: When we set up 200 megawatts of this solar, correct. Perfectly correct.

Divy Agrawal: Okay, sir. Got it. Secondly, on the oxygen enrichment plant, so what would be the savings on that, sir?

R. V. Gumaste: See, the savings benefit has to again come through pig iron, unfortunately. But we have increased with oxygen enrichment. Till date, we have increased for steel and basic grade from 80 kg to 120 kg and for foundry grade from 50 kg to 80 kg, about 30 kg to 40 kg. Half of that is typically the saving coming.

So we can say that about 20 kg of co-consumption saving benefit we get, which is about INR600 per ton of hot metal. And we're trying to improve the oxygen enrichment utilization so that we can go to maybe 135 kg, 140 kg, another 10 kg co-consumption benefit in both the grades. That is the -- currently the attempt we are trying to achieve.

Divy Agrawal: Right. Right, sir. And on the iron ore cost or iron ore mine, so we have just started our iron ore mine. So what will be the savings per ton on that? And when can we expect the second mine to start?

R. V. Gumaste: See, I just mentioned that next year, going forward, I look forward to mining and utilizing maybe 2 lakh to 2.5 lakh ton from 1.2 Lakhs ton which becomes, say, 25%, 30% of the total iron ore. And the second iron ore mine, which is in Chitradurga, is not going to come and it will take some more time. That mine has gone into the reserve forest or wildlife reserve forest, and it's not going to become operational.

Divy Agrawal: But we own the mine, right? I mean it will be operational, but not right now, but in future.

R. V. Gumaste: Recently what we have won, we are yet to get the official communication from the government. We are awaiting, but it has been public in the media and e-auction platform. And I think that will take a couple of years to come to operation. And the whole industry and ourselves, we are working as these were amalgamation of the working mines, whether government can give us the permission to operate the operating mines within the bigger integrated block.

That point is still with government. There is no full understanding on that. If that permission comes, we will be able to operate very quickly instead of waiting for all the clearances over the next 1 or 2 years.

Moderator: We have the next question from the line of Chetan Thacker from ASK Investment Managers.

Chetan Thacker: Sir, just wanted to understand what would be the unabsorbed losses today from Solapur?

R. V. Gumaste: No losses there.

Chetan Thacker: So you mentioned that out of the 2 foundries, given the volumes that we are seeing, you are selling quantities...

R. V. Gumaste: No, but what happens, it is still in profit. One foundry make the profit for both the costs are higher, the profit margins are coming down. But profit margins have not improved.

Chetan Thacker: So how should we look at that improving going forward? So is it volumes and that operating.

R. V. Gumaste: I have mentioned a couple of times. One big order is from Ford, which has to come to about something like 1,000 ton per month, 12,000 tons per annum. That's one. And also another 1,000 to 1,200 tons per month is in the development stage. There has been a huge setback from the foundry -- sorry, from the tractor industry volumes, but we are already on the job to -- alternative component to be developed. I expect it may take another 2, 3 quarters to go to a level of 5,000 tons per month. I'm sure 5,000 tons per month is the beginning of both the foundries generating profit.

Chetan Thacker: So sir, this quarter drag that we see on OP per ton, on the casting side, is it primarily because volumes were lower and that operating deleveraging has...

R. V. Gumaste: Basically, volumes are lower, sir.

Chetan Thacker: So if we start hitting the 40,000 run rate, we can expect that profitability to go back to the normal rate.

R. V. Gumaste: We'll -- yes, yes. See, it starts absorbing the cost of the second line and the profitability will definitely improve.

Chetan Thacker: And given this schedule, we are expecting that volumes from here will ramp up from Q4 onwards, and we should start seeing some benefit of that flowing into profitability. That will be a fair assessment?

R. V. Gumaste: No, I think if you see, we have hit in this year out of the 3 quarters. One quarter, we have hit 38,000. I'm looking forward to at least go back. See, we were 34,000, went to 38,000, came to 34,000. So I'm first looking at go back to the 38,000 level and then go to 40,000, 45,000 level. And that's what we are looking to happen because we are saying that we should be able to hit a number of about 1,75,000, 1,70,000 -- 1,75,000, 1,80,000 for the next year, which naturally means that I need to hit an average of 14,500 to 15,000 tons per month should come.

And I think the order booking as well as the component under development are in support of these kind of volumes, and we feel that we should get the industry support, and we should be able to ramp up as we have the capacity as well as we have the components of the customers to support this kind of production and sales.

Yes, there is a delay, but I think there's no question of going down, but we should keep going up on the volume in castings. Whereas tube has improved smartly, I look forward to at least going to a level of about very close to 200,000 tube volume in the next year itself.

Chetan Thacker: Got it. And sir, on the savings that you are mentioning from the oxygen plant for coke, so fair to assume when we have the full savings, given the numbers you've shared, that translates to about INR50 crores to INR60-odd crores of annual savings that can happen?

R. V. Gumaste: Actually, see, pulverized coal injection oxygen enrichment it's supposed to give about INR1,000 to INR1,200 per ton, so which is, on 7 lakh tons, it amounts to the kind of number you are talking. The question is how much we retain it for our profit and how much again we are compelled to pass it on to customers is the key thing. And the pig iron has bottomed out terribly. I only hope that we will get some support and some recovery on the pricing.

Chetan Thacker: Understood, sir. And capex number for next year would be INR200 crores for the renewable and any incremental capex there?

R. V. Gumaste: See, there are a lot of projects, both in this cost reduction segment as well as the capacity utilization segment and something on the technology segment also. For example, we are looking towards not only that we hit a 2 lakh volume next year but how do we go maybe 2,25,000 next to next year and what are the capex required, so we will have to deploy next year itself. Similarly, on the casting side, we may have to look at what we want next to next year and thereafter, there will be some related capex.

There are capex in the area of machining and there is capex in the area of large castings beyond 300 kg, 2-part foundry-related, so the number of projects which are very attractive in terms of the payback and supporting the volume growth expectations. Because if we are talking about 1,35,000 as the realized capacity in castings, definitely in next 3 years, we are looking for how to go to 2,70,000 metric tons per annum.

So doubling of the casting volumes will require incremental debottlenecking investments and machining-related investments. Similarly, in the tube, we are looking from the current level of whatever -- we are looking for 2 lakh, 2,25,000 coming in the next 2 years and maybe bigger tubes in the subsequent years.

We are looking for substantial growth both in castings and tubes in addition to setting up of the steel plant. So there is a lineup of the capex even for the next year. I expect in the range of INR500 crores to INR600 crores would be the capex, out of which INR200 crores would be the renewable energy.

Moderator: We have the next question from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: A few questions from my side. So, Gumaste ji, when you say next year, you are aiming for 1,70,000 in casting, this is on a stand-alone basis, right, ex of Oliver? Is my understanding correct?

R. V. Gumaste: No, including Oliver, we plan to merge Oliver into KFIL in the next financial year.

Prolin Nandu: Okay. So can you just remind me as to what is in that 1,75,000, how much is Oliver that you're building in?

R. V. Gumaste: I think I'm looking for 15,000 Oliver and 1,60,000 existing. So 1,40,000 to 1,50,000, 20,000 coming from the existing 4 lines and 15,000 from the Oliver. That comes to 1,75,000.

Prolin Nandu: Got it. Got it. So this is including -- this target is including Oliver. So that clarifies. And so, Gumaste ji, see, in tractor, we have been having issues, right, for quite a few quarters now, right? And I mean, one is that are we losing market share there or what is happening? Because some of the -- our numbers or our -- we call out tractor as a sector, right, which is a headwind. But some of the companies are reporting decent numbers in terms of volume. So where is the mismatch happening? How do we bridge this gap in our understanding as to how bad are things in tractor?

R. V. Gumaste: Sir, basically, I would like to say that we are gaining market share in block and head. critical items, auto, tractors, earthmoving, across, we are gaining on the block and head. Maybe we are slightly going not that strong and losing something on the housing and focus on block and head. But with the Oliver coming, that 30,000 would be mainly housings. So that's where we want to ensure that we regain the lost capacity, but also go higher than that, gain the market share. Overall, there will be no loss of market share. Rather, we are going stronger and also increasing the gap.

Prolin Nandu: Okay. And you also mentioned that you want to probably think about alternatives, probably reducing our overall dependence of tractor as an industry, right, which is, let's say, in casting still 36% as per your latest presentation. But if I look at -- so if I look at your Slide 17, right, and if I look at the number of customers in casting, right, it has been stagnant since FY '22, right, at 26?

So when I think about this chart, this is like a lead indicator as to where we want to go in terms of diversifying our customer base. How should one read the stagnancy of number of customers, right, 26? Obviously, see, there would be some ins and outs. But on an overall basis, despite our capacity going up and you would be seeding some customers, which will become big in the future, etcetera, etcetera, those customers will also be included here. So how should one read this flat number of customers in casting for our future target for next couple of years?

R. V. Gumaste: Sir, I think it's very important to know that 26 customers means almost all the important customers across India are covered. But I had mentioned earlier also that leaving the Top 5, 6 customers, the remaining, at least, 15 customers, our share of business is like 1% to 3%. And that is pretty too low. And opportunity lies with every customer to go to at least 5% business. If we do even very decent few components, good share of business, it amounts to at least 5%.

I'm looking that what we are working is in addition to the Top 5, 6 customers, how do we increase our share of business with the -- all the remaining 15 customers at least 3% to 4%, 5% level. I think there is great opportunity. Customers have interest, we have interest, and we are working to increase that and that itself will give enough loading to go to 2,70,000 in next 3 to 4 years.

Prolin Nandu: Sure, sir. And one last question from my side. See, FY '25 has been quite challenging for us, right, in terms of both on profitability as well as volume growth. But if we step back and think about the casting opportunity or opportunity for our kind of company, right, in terms of export orders coming in or a lot of -- some of the players also putting up their plant here for exports in tractor industry, for example.

So are we still very positive about the outlook for the opportunity for our company, let's say, for the next 2, 3 years, right? Because you sounded a bit -- on steel, you did not sound that much optimistic. On pig iron also, you have been calling out a bottom, but it's taking longer than probably our past experience as well for things to recover.

So how should one think about medium-term outlook for some of the expansions that we have done and some of these things which we are venturing into. So can you just give some color -- qualitative color on how should one think about '26 onwards, things are going to improve significantly or it would be more gradual progress?

R. V. Gumaste: See, I think it's very important that value additions in casting, tube business are far more stable than pig iron margins. And pig iron, we have done everything that is required to tie up the value addition chain right from the mining to pig iron, power plant, coke, coal, everything is done, but the market is what it is.

So I'm quite hopeful that these things happen. Many people enter when iron and steel industry is back, but I'm still quite optimistic that the cycle will change, and we will see much better position on pig iron. And casting and tube, we are very confident and we are quite optimistic, I would rather say, that within next 2, 3 years, we will achieve the volume growth that will give the benefit on cost as well and including steel with the green energy as well as our energy, power and fuel costs coming down, the steel volumes will pick up.

And you may see that unless the iron and steel improves, the growth may be gradual but we are okay. What we need to achieve is how do we achieve 13%, 14% growth over a long-term period. Once the things improve, it will.

Another very important thing is whatever the growth and the turnover we are talking today, the pig iron prices have come down from INR60,000 to INR33,000. I think gradually, it has happened, but it has happened. And other way around, it's not going back to INR60,000, something will happen and scenario will get changed. So I'm quite optimistic that it could be gradual, but it will -- we will pick up the volumes.

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

Sahil Sanghvi: Sir, first thing I wanted to confirm is that, let's assume the tractor demand stays at pace at the current state, would we still be able to do the offtake, the production that you've guided at Oliver? Is it subject to the tractor demand improving? Or is that a sort of a confirmed kind of volume that we'll do irrespective of the tractor demand?

R. V. Gumaste: No, I think Oliver what I'm talking about for the next year, I think that market is there. I think there are so many customers in the North and they are definitely keen on sourcing from Oliver. I think I am not linking that to market. I expect that 1,000 or from 1,000 to 1,500 should get loaded quickly. Sahil, are you online?

Moderator: Sir, the current participant seems to have dropped from the queue. We have the next question from the line of Manish Goyal from Thinqwise Wealth Managers.

Manish Goyal: Sir, sorry, harping a lot on Solapur. So I believe our Phase 2 of 20,000 tons capacity is also likely to come up at Solapur. So just to clarify that probably you mentioned that current production run rate is around 35,000 tons per quarter in Solapur. And the new capacity which we had created of 20,000 tons is probably not contributing much. And then we would have another 20,000 tons operational. So how should we understand that, sir, like...

R. V. Gumaste: Yes, I think -- Manish, not like that. See, we are currently at, let's say, 40,000 or 44,000 ton this year and our capacity there -- utilizable capacity is 36,000 or 40,000 plus 40,000, 36,000 plus 36,000, we have used 36,000 from one line, so I take it as 72,000 out of 80,000 is usable capacity. Out of this, we are at only 40,000, 44,000 out of this 72,000. And the capacity is available. Nothing more is getting added there. It is capacity utilization improvement. That's all. We've got everything to go to that level.

Manish Goyal: So ideally, we are looking at -- this probably incremental 20,000 tons is what we're probably looking in the coming year from Solapur.

R. V. Gumaste: 20,000 from Solapur as well as Hospet. Maybe it is more from Solapur less from Hospet, but 20,000 coming between the two.

Manish Goyal: And this is probably dependent on what you mentioned that 1,000 tons per month order from Ford, which should start and should help. So is it subject to this order of Ford?

R. V. Gumaste: We -- Oliver, we have orders, we have to productionize, get approval from customers, validation completion and productionize and ramp it up. So we hope that we should be able to do up to...

Manish Goyal: No. Sir, I was asking for Solapur, these 1,000 tons of...

R. V. Gumaste: Solapur is -- items are under production. Validations are on and expect that within next 2, 3 months, we start increasing the volumes. And next year, we should go to a level of, say, 50,000, 55,000 from Solapur and another 5,000 increase from Hospet, together increase of 20,000.

Manish Goyal: Sure, sir. And sir, in the tubes, we have seen that -- probably this quarter, we have seen volume -- revenue coming from oil and gas sector, probably the order which we had won in quarter 4. So just want to get a perspective what is the steel order book we have in oil and gas and what is the outlook over there? And also a related question, like we probably had frothy pricing pressure in the first half for certain categories of tubes. So how are we seeing on that front? Is the situation still very challenging on the trade segment and auto segment, if you can highlight that? And then I have one more question on what is our...

R. V. Gumaste: Manish, let me complete this, whatever you have asked so far because there are so many questions in that. Okay. I will again take up the next question. See, quarter 1 and quarter 2, steel and tube got affected because of, one is a sluggish market, but also because of the ERP related implementation and merger of ISMT into KFIL.

Though we wanted to do without any effect, but it has affected. Q3 has improved and I expect Q4 at least to go in line with the Q3 and slightly better. So -- and if you ask me our ability to produce and sell in steel and tube is 50,000 tons of tube per quarter. We have ramped up to that level, whether order can support.

So we are yet to get into the tender for the next year. So I hope that they will all come, may not be for fourth quarter, we will manage fourth quarter, but then we get the next tender, and we should be able to utilize that 2 lakh tons next year. This is what I'm telling on the tube business.

Manish Goyal: Okay. And sir, you also mentioned that probably we are till 10-inch dia and probably looking to increase the capacity or probably put capacity for higher diameter, which I believe will help you to participate in oil and gas tenders. So what is the plan for that?

R. V. Gumaste: It may not be in immediate year, but we will do that within a couple of years.

Manish Goyal: And one question which I asked earlier on the pricing front for probably the trade segment, where we were probably seeing a lot of input pressure and the market was quite challenging over there, so like apart from oil and gas, how is the situation for tubes in such markets?

R. V. Gumaste: Nothing great there, but we also are very clear that we have to load our bills and we should sell good quantities, cost gets distributed. So we have good relook at that, and we will continue to be aggressively ensuring that we sell the volumes.

Manish Goyal: Okay. And sir, what is the...

Moderator: Sorry to interrupt. We request you to please rejoin the queue for further questions.

Manish Goyal: Yes. This is the last small question. Sir, when do we plan to list KFIL on NSE, sir?

R. V. Gumaste: This is the question I just put it to Mr. Srivatsan. It is work in progress. We are focused. We'll try to take it to NSE as early as possible.

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

Sahil Sanghvi: Sir, my only question was that what will we require now for the pig iron prices to pick up, sir? Would it be more of the casting and the foundry demand which is dependent on auto again or auto and tractor?

R. V. Gumaste: No, I think it is iron and steel industry -- it is oversupply problem, not demand problem. Iron and steel improves, they will make steel rather than dumping pig iron. All newcomers, substantial pig iron and they are not going fully into steel. So supply should -- situation should improve rather than the consumption side. Always, consumption will help without any doubt, but it is the oversupply problem.

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

Vipul Modi: Now my question is regarding the casting. We have automobiles, tractor and earthmoving. So are we looking to enter into different sector like defense or railways or something for the casting, sir?

R. V. Gumaste: No, we are looking into entering into -- we have started the work on the SG iron castings in addition to gray iron castings. And that will open up some of the sectors, what you mentioned, and it will be machined SG iron castings, possibly railways as well as defense.

Vipul Modi: Okay. So this transformation will take some time or how exactly it is?

R. V. Gumaste: No, we are investing for the facility. Facility should become available within 6 months in Oliver as well as in Solapur.

Vipul Modi: Okay, fine. That's good. Okay. And how about -- the second mine won't be operational for as of now. So are we looking to bid for another fresh mines or something?

R. V. Gumaste: Yes, yes. We bid for many mines because we don't know which one we get, and there has been tremendous competition. We have won one mine, but we are looking forward to see if we can get one more, but we have to be also cautious that too much exposure is not a great idea. So cautiously, we will be participating in more mines.

Moderator: The next question is from the line of Aashav Patel from Molecule Ventures PMS.

Aashav Patel: Sir, my question is that, currently, what is our pig iron EBITDA per ton cost for Pig Iron segment? And how has it moved over the years since we started adding coke oven and now PCI and oxygen and everything?

R. V. Gumaste: It's bit lengthy answer, but I think due to shortage of time, I would say that we started with 7% to 9% EBITDA and then we went up to 29% EBITDA. We sold pig iron at INR68,000 per ton as Ukraine war started during that period, and we had 29% at least in 1 or 2 months and 25% in quarters and then it came to 15%, 16%. But current could be, I think, maybe 5%, 6%, 7% EBITDA. That is the level what it has come now.

Aashav Patel: And in terms of percentage, sir, our EBITDA cost of production, EBITDA per ton cost of production?

R. V. Gumaste: No, you should calculate. I think it's very simple. I have given percentage, pig iron prices are in the range of ex works INR32,000 to INR40,000, INR45,000 some grades. But on an average, INR37,000, INR38,000 ex works.

Aashav Patel: Okay. And sir, what would be the coal cost for Q3 and how it is expected to pan out for Q4?

R. V. Gumaste: See, Q4 -- Q3 was -- I don't remember exactly Q3, but -- Q3 was, I think, $205 blended cost. And this quarter would be blended $195. I expect it to go down to $177 next quarter, blended -- our blended coal cost in dollars. And unfortunately, dollar is also becoming stronger day by day. So again, putting pressure on cost.

Moderator: We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

R. V. Gumaste: Thank you very much for a great understanding by all of you. It was a tough quarter with a lot of headwinds. Look forward and improved situation on the market front as well as our projects supporting us and look forward to see you after one quarter again. Thank you very much for your support. Have a great time. Thank you.

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