



“Steelcast Limited
Q1 FY26 Earnings Conference Call”
August 01, 2025



MANAGEMENT: **MR. CHETAN TAMBOLI – CHAIRMAN & MD**
MR. RUSHIL TAMBOLI – WHOLE TIME DIRECTOR
MR. SUBHASH SHARMA – ED & CFO
MR. UMESH BHATT – COMPANY SECRETARY

MODERATOR: **MR. DHIRAL SHAH – PHILLIPCAPITAL PCG**

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY '26 Steelcast Limited Conference Call hosted by PhillipCapital Private Client Group. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Dhiral Shah from PhillipCapital PCG Desk. Thank you, and over to you, sir.

Dhiral Shah: Yes. Thanks, Bhavya. Good evening all. On behalf of PhillipCapital Private Client Group, I welcome you all to the Q1 FY '26 Earnings Conference Call of Steelcast Limited. Today from the management, we have Mr. Chetan Tamboli, Chairman and Managing Director; Mr. Rushil Tamboli, Whole Time Director; Mr. Subhash Sharma, Executive Director and CFO; and Mr. Umesh Bhatt, Company Secretary. I now hand over the conference to Mr. Arpit Mundra from EY Investor Relations. Over to you, Arpit.

Arpit Mundra: Thank you Dhiral. Good evening, everyone.

We welcome you all to Steelcast Limited's earnings call to discuss the Q1FY26 financial results. Today, from the management side, we have with us Mr. Chetan Tamboli – Chairman & Managing Director, Mr. Rushil Tamboli – Whole Time Director, Mr. Subhash Sharma - Executive Director and Chief Financial Officer; and Mr. Umesh Bhatt - Company Secretary.

Please note, a copy of the disclosures is available in the Investors section of the website as well as on the stock exchange. Further, a detailed Safe-Harbor statement is given on Page no. 25 of the Investor Presentation of the Company. Please note that anything said on this call, which reflects the outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

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

Chetan Tamboli: Thank you, Arpitbhai. Good evening, everyone. We welcome you all to the earnings conference call of Steelcast Limited to discuss the company's performance during the quarter ended 30th June 2025. We concluded our annual general meeting and board meeting yesterday and uploaded the financial results as well as the investor presentation on the stock exchanges as well as on our company website, I believe you must have got a chance to go through the same. I'm joined today by my colleagues, Mr. Rushil Tamboli, Whole Time Director; Mr. Subhash Sharma, ED & CFO and Mr. Umesh Bhatt, CS.

Now let me highlight the financial performance for the current quarter v/s Q1FY25:

Q1FY26 Vs. Q1FY25 (Y-O-Y):

- During Q1FY26, the revenue from operations was at ₹ 106.7 crore, a 38% growth from ₹ 77.4 crore in Q1FY25.

► EBIDTA during the quarter was at ₹ 30.0 crore, a 44% growth from ₹ 20.8 crore in Q1FY25. EBIDTA margin was at 28.1%, an increase 120 bps from 26.9% in Q1FY25.

► PBT during the quarter was at ₹ 26.7 crore, a 52% growth from ₹ 17.5 crore in Q1FY25. This translated to a PBT margin of 25.0%, an increase 235 bps from 22.6% in Q1FY25.

► PAT during the quarter was at ₹ 19.9 crore, a 54% growth from ₹ 12.9 crore in Q1FY25. PAT margin remained at 18.6%, an increase of 190 bps from 16.7% in Q1FY25.

During Q1 FY26, we maintained a healthy and well-balanced revenue mix, with domestic sales contributing 46% and exports accounting for the remaining 54%.

We witnessed a strong rebound in revenue across both domestic and export markets, driven by continued customer inventory replenishment and fresh orders for new components. This recovery not only reinforces the underlying demand trends but also reflects the strength and resilience of our business model—enabling us to deliver profitable growth.

Looking ahead, we anticipate the mining and earthmoving sectors to lead the momentum in FY26, with construction and railroad industries expected to show meaningful improvement. We currently have over three dozen new components under development in the GET (Ground Engaging Tools) segment, which will be a key growth driver this year. Additionally, we expect to ship out initial orders of defence sector in exports, where we have already developed and shared product sample with prospective customer.

As part of our cost optimization and sustainability initiatives, we plan to commission a 2.4 MW hybrid power plant under the group captive model by the end of this year. This initiative is projected to yield annual energy cost savings in the range of Rs. 3.5 crore to Rs. 4 crore.

Our order book remains robust, with strong traction across all our addressable segments. In response to rising demand, our capacity utilization improved significantly reaching 53% in Q1 FY26, up from 32% in Q1 FY25. With global supply chain challenges continuing to ease, we expect further tailwinds supporting our growth.

We also anticipate margins to remain stable at current levels, reflecting our disciplined cost management and operational efficiency. Overall, your Company is well-positioned to capitalize on emerging opportunities and meet the growing market demand.

Interest from both customers and investors remains strong, and we are encouraged by the continued confidence in our strategy and execution.

We are seeing little slow down due to US Tariffs and other geo political issues. However, inspite of the above, we will have a growth of 18 to 20% this year compared to last financial year 25.

With that, I would now like to open the floor for questions. Moderator, may I request you to take it from here? Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Naman Chandak an Individual Investor.

Naman Chandak: I just wanted to ask, at 25% tariff rate, how are you positioned to pass on these tariffs to our customer? Is it a full pass-on or do we have first taken from our side as well?

Chetan Tamboli: Naman bhai, and for everyone else across India, there seems to be a lot of concern regarding the additional tariffs imposed by the U.S. government starting yesterday. I'd like to clarify that all our sales—whether domestic or exports—are conducted on an ex-works basis. Our customers take the goods from Steelcast to the point of use irrespective of the geography.

As a result, any additional tariffs that may apply are the responsibility of the customer, and there is no direct impact on us.

We've also conducted an initial analysis of the situation. Our products fall under two HSN code categories: Chapter 7325 and Chapter 8487.

For Chapter 7325, the total U.S. import duties on Chinese goods are 89%, whereas for Indian goods, it's only 38%, which includes the 25% tariff applied yesterday.

For Chapter 8487, the total duty on Chinese products is 79%, compared to 29% for Indian products.

This creates a significant margin—more than a 50% difference—in our favor across both product groups. Therefore, we believe there will be no adverse impact on our business moving forward.

Moderator: As there is no response from the current participant, we will move to the next question. The next question is from the line of Kaushal Sharma from Equinox Capital Ventures Private Limited.

Kaushal Sharma: Yes, my question is regarding your margins. Previously, the margin was around 31%, but it has now declined to 26%, excluding other income. Could you please explain the key reasons behind this drop?

Chetan Tamboli: Yes. See, we had this 32.8% EBITDA margins (Including Other Income) in the Q4FY25. Now we have also explained this in the past that about INR10 crores have come from foreign exchange, lower input cost and also cost optimization. So this all happened during the financial year FY '25. If you see the quarters before six, seven quarters we were anywhere from in between 28% to 29%.

So we have been consistent with whatever the business model we have. And that 32.8% in Q4FY '25 was an aberration because of extraordinary gains because of input prices, cost reductions, power savings and exchange rates. But we expect for at least coming 2, 3 years to EBITDA levels to be sustained at this level.

Kaushal Sharma: At 28%, sir?

Chetan Tamboli: No, sir. if you see 28.1% is the Q1 FY '26 numbers.

Kaushal Sharma: Yes. So sustainable margin you are saying is around 26%, right?

Chetan Tamboli: Yes. It should be sustainable. Now if you go back to the earlier investor calls, we have said that the designed EBITDA, what we target is about 21%, 22%. And then we end up getting another 4%, 5% from different cost optimization measures, lower input costs, power savings, some exchange rate gains. So if you see last seven, eight quarters, I think even more, maybe 10 quarters, we have been managing around 25%, 26%. So hopefully, we should be able to sustain this.

Kaushal Sharma: Yes, so 25% to 26% over the next year will be sustainable?

Chetan Tamboli: Yes. It should be sustainable.

Kaushal Sharma: And there is one point as well that earlier in the earlier presentation, I can see that EBITDA margin is being shown in the presentation by excluding other income. Now we are including other income.

Chetan Tamboli: Yes. But see, in our case, the entire other income is from the income from operations only. We at Steelcast don't consider other income from any other source except the operation of the company. Let me explain you. The components of other income are, one is, the interest we are earning on our free reserves.

Now those three reserves have been generated from operations only, A, B even the foreign exchange gains are now being considered part of other income. So now those gains are also come from income from operations here. So we at Steelcast consider EBITDA margins with respect to total income. We don't have any other dividend income or rental incomes or any other dividend income from some other companies.

It's all operations of Steelcast. Hence, we consider total income at Steelcast including other income.

Kaushal Sharma: Sir, in the last presentation in Q4 financial '24, we are showing EBITDA excluding other income?

Chetan Tamboli: Sir, before it was like that, but when we realized that we have to put all this, all this is part of income from operations only, or incidentally coming from our operations. And hence, this other income has been added on the top line, which says income from operations as well as other income and then we have total income.

Kaushal Sharma: Okay. So now onwards the other income majorly contributing before it, that's why we are including. Correct, sir?

Chetan Tamboli: Yes, sir.

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

Sahil Rohit Sanghvi: Yes. And congratulations, sir, on a good set of numbers. I had a few questions: **First**, could you please provide more insights into the defense export-related dispatches planned for this year? Specifically, what component is being exported, what is the potential scalability of this product, and what are the future prospects? **Second**, could you share the sales volumes for this quarter? **And third**, I'd like to ask a follow-up question after I receive the volume figures.

Chetan Tamboli: The volume numbers are already available in the investor presentation, but nonetheless, I'll share them here. For Q1 FY26, the sales volume stood at 3,618 tons.

Now, addressing your question on exports — historically, exports have accounted for 45% to 60% of our total sales, and we expect this trend to continue over the next 3 to 4 years. While we see strong demand from export markets, we also remain committed to the Indian market. Our strategic plan is to maintain a balanced mix, targeting roughly 45–50% domestic and 50–55% export business going forward.

Regarding scalability, some components we manufacture are high-volume, others are medium or low-volume. Our capacity utilization has been improving — from 47% last year to approximately 53% this year. We're projecting about 65–66% utilization in FY27, and around 84% by FY28. These are part of our forward-looking plans, and we're on track to achieve them.

Toward the end of 2026, we will evaluate the need for additional capacity expansion, as setting up new facilities typically takes about 2 years. Once we have clear visibility on reaching our FY28 utilization target of 80–84%, we will begin planning and investing in new capacity accordingly.

Sahil Rohit Sanghvi: Understood, sir. correct me if I'm wrong, but I heard that we are going to cater some defense-related export order. Is that correct? Did you mention that in your opening remarks?

Chetan Tamboli: Yes, yes. We have made a small breakthrough in defense exports. I will not be able to share on this call about the exact application and the country. But in the month of April, we supplied some prototypes. They went through field trials and the parts got approved. And now we are doing another lot and which we will ship by September. And hopefully, this should scale up in the coming months going forward.

Sahil Rohit Sanghvi: And would you be able to name what component is this or you would avoid that?

Chetan Tamboli: No, that's what I said that I don't want to name the country and also the component and the application in this call. But maybe at a later date, we will see. At an appropriate time, we'll share this.

Sahil Rohit Sanghvi: Sure, sir. No. And congratulations for that. Sir, just one follow-up on the volume thing. The quarter-on-quarter or the sequential decline, is it just the seasonality being a little bit soft for the sales volume or is there anything to read on that?

Chetan Tamboli: No, no. If you see historically over the last 15, 20 years of numbers, our Q4, whether it's domestic market or export market, the Q4 is always better. So when you see Q1, you -- one

would see a degrowth compared to the preceding quarter. But we will have a sustained performance in the second quarter of the current year and then a ramp-up from third and fourth quarter and that's how we are seeing that compared to last financial year, we will have surely 18%, 20% growth over the previous year.

Sahil Rohit Sanghvi: Got it, sir. And you did mention that you have a few dozen of components under development, new components. If you can throw some light on that, which particular segment is this?

Chetan Tamboli: Yes, these orders are a mix across five to six different industries and seven to eight different customers, with shipments going to at least six to seven countries. They primarily cover our core sectors such as mining, earthmoving, construction, locomotives, ground engaging tools, and a small portion related to defense.

So overall, this reflects a diverse mix—in terms of industries, customers, and geographies. This is fully aligned with our strategic objective of broadening our base by expanding across end-user industries, growing our customer portfolio, and diversifying into multiple international markets.

From a strategic standpoint, we are on track, and we will continue to focus on expanding our base in this manner going forward.

Sahil Rohit Sanghvi: Got it, sir. That's commendable. And lastly, just a clarification, the 2.4 megawatt hybrid power plant, that will get commissioned by December or March? I just want to clarify?

Chetan Tamboli: See, it is designed to be commissioned on or before 31 March '26. And this 2.4 megawatt, as I said earlier, will give us some INR3.5 crores to INR4 crores of annual sales, which will add directly to the bottom line. And also this will meet our increased volumes for next financial year. And this is in line with our sustainability initiative also.

Sahil Rohit Sanghvi: Amazing, sir. Amazing, sir. Congratulations and all the best, sir.

Moderator: The next question is from the line of Mr. Dhiral Shah.

Dhiral Shah: Sir, I have two, three questions to ask. So first, I will ask, sir, what is our current order book as on date?

Chetan Tamboli: Next question, please.

Dhiral Shah: Sir, on the railroad side, because in last call, you mentioned that within 90 days, there will be some, I would say, approval that we will be receiving. So what is the current status in that, particularly the remaining component where we were not able to crack the approval process. So now where are we in terms of the overall approval? And regarding, again, on the defense side, sir, how big that opportunity could be for us in terms of revenue?

And lastly, on the ground engagement side, what is the overall outlook, sir, with this new component that we are adding up?

Chetan Tamboli:

See, one is the current order book as of 1st of August is about INR80 crores. On the railroad side, we don't have any good news to share with you. We are continuously trying to see that one component, how do we pass the test. I think it will still take a couple of more months. Regarding defense, this is just one small component of the whole thing.

Maybe the revenue from this could be about INR10 crores per year or so. But moment we start doing these volumes, the opportunities are quite high. I don't have any specific numbers to give you for additional opportunities at this point of time, but it is very encouraging. And then regarding ground engaging tools, see, as per our plan from the current year, we will slowly keep increasing our sales to ground engaging tools. And we hope to reach about 5% of sales over the next 2 year, 3 year period.

Moderator:

The next question is from the line of Harshil Solanki from Equitree Capital.

Harshil Solanki:

So I'd like to ask few questions. One is from the annual report. So you have mentioned that you are trying to increase production of value-added products and venture into advanced stage products, or specialized area, which only few global foundries can do. So if you can elaborate what are you thinking and what can be the opportunity in this side is the first question?

Second question is last con call, you mentioned that we are trying to achieve a 59% utilization this year. But this time you have told 53%. So what is changing? And why are you revising your estimates on the utilization, if you can highlight that point? Yes, these are my two questions?

Chetan Tamboli:

Now I'll just answer your first question on lower utilization. If you recollect my today's earnings call speech that since April, the U.S. government has started putting in these additional tariffs, decision-making across the world, means across all OEM or across bigger companies have slowed down.

So with this, obviously, the utilization might go down a little bit. However, in spite of this slow decision-making and other geopolitical issues, we will still grow 18%, 20% more than compared to last year. So it's because of this, I have scaled down this from 57% to 53%.

Harshil Solanki:

Got it. And sir, the first question was, we are entering into advanced stage products, which is a specialized area?

Chetan Tamboli:

So yes. So these advanced stage products in our line, it would mean that, see, so far, we have been doing casting and machining. We are taking one step forward in doing subassemblies also. Now this has just been started about 6 months back. The customer would give us additional few components which have to be assembled on our part.

So those initiatives have started this. I don't have exact numbers, but very few people in the world in our line of business do this. We might be a few of them who have just started. But going forward, this will increase. So only giving casting or just one value addition of finished machining, this is one more area of doing additional value-added activities of assembling few components and then supplying a subassembly together.

So we have initiated this. Maybe over next few quarters, we might come back that, okay, some percentage of our sales we do subassemblies. So this is an initiative and that's why the comment in the annual report.

Harshil Solanki: Got it, sir. I'm assuming So this will be higher margin,

Chetan Tamboli: Yes, obviously, there will be some extra thing we should get. No, nothing is free in life.

Harshil Solanki: Okay. And this will help us improve our relations with our customers further?

Chetan Tamboli: This will also improve relations. You increase your competitive scenario. The business barrier also increases and this is also you can call part of de-risking strategy.

Harshil Solanki: Okay. Thank you.

Dhiral Shah: Sir, is there any change in the capex guidance based on the uncertain global outlook?

Chetan Tamboli: Now as far as we are concerned, we are quite confident that we should be on track to achieve the numbers, the capacity utilization numbers as we have projected, maybe it could be a difference of 3%, 4% here or there. But we should reach about 80% in FY '28. And for that, we will decide, as we have said earlier, sometime towards the end of 2026.

And with the China Plus One strategy in place with all OEM customers across the world and moreover, our duties are substantially lower, less than half than what of China is, as I said earlier on this earnings call, we don't see any change in our customer strategy or our strategy. We should progressively do well over time.

Dhiral Shah: Okay. But sir, again, the capex that we have mentioned earlier for FY '26 where we were looking to acquire the land and also debottleneck some capacity, that is on track, sir?

Chetan Tamboli: Yes, yes, absolutely on track. Gujarat government is almost on the verge of allotting us this 100,000 square meters of land. Moreover, whatever capex we are envisaging for the current year, mainly for debottlenecking, that is also in line. There is absolutely no change in our strategy or in our execution whatsoever.

Dhiral Shah: Okay. So but sir, since you are running at 53% utilization, so this debottlenecking, is it for the particular product that we are looking for?

Chetan Tamboli: Yes. See, what happens is we, on an average now make about 350 different parts. And sometimes the volumes of some specific parts go high. So one option is to tell no to a customer, that sorry, we don't have capacity, but the other option is to, you add that capacity and you cater to that demand. So these bottlenecks come up on and off. And we sort out that by doing additional investments for debottlenecking.

Dhiral Shah: Okay. And sir, is there any scope for revising our capacity utilization guidance? As of now, we are guiding for 53% utilization. But let's say, after September or October, the India gets lower duty compared to the current range. So is there any scope to revise the utilization guidance?

Chetan Tamboli: If you ask me personally, all this turmoil, whether it is because of tariffs or whether it is geopolitics will all get sorted out in the next two, three quarters. Life will be very good. The world will grow and we will forget these kind of times where suddenly somebody throws us additional duties. So we will come over this, as a country, as a company and rest of the world will also take this in the full stride. Whatever each country has to do, they'll do and life will go on.

Dhiral Shah: Okay. Got your point.

Moderator: Next question is from the line of Naman Chandak an Individual Investor.

Naman Chandak: Sir, can you say about our geographies, worldwide geographies on order book, how it is split across the geographies? And the second question is, can you speak more on the value-added product side? Like what kind of products are we developing? And how better the margins would be for the higher value-added products?

Chetan Tamboli: Yes. Like we have said in the past that we are doing 16 countries and we will add another 2, 3 countries in the next 1 to 2 years. Now I don't have exactly country-wise breakup as of now. But I can only tell you that whichever countries which has got lower sales volumes now will grow over the next 2, 3 years' time. Our major concentration now is between U.S. and Germany.

So that should get diluted over time in the next 2, 3 years. And then you asked about the other value-added products. As I said, we have just initiated this and that is the reason for putting the remark in the annual report. It's too early to really say what could be the opportunities and what volumes we'll do for those sub-assemblies. But we have this focus. And once we have some clarity, we'll share with the stakeholders.

Moderator: The next question is from the line of Sahil Doshi from Thinewise.

Sahil Doshi: My question pertains to the railroad component opportunity. So could you talk about what's the status on that? And what is the outlook and is there any change vis-a-vis what we had expected earlier?

Chetan Tamboli: Yes, this railroad thing, we have been struggling to get this part approved, but the effort is on. When I'm saying that we'll grow 18%, 20% this year is excluding the railway thing, okay? If railway thing, if we are able to do in the next one or two quarters, there will be some additional increase in growth percentage. But excluding this railway thing, we'll still do 18%, 20%. And hopefully, we will sort this issue of railroad component development in the next 1 to 2 quarters there.

Sahil Doshi: Sir, could you talk a little more what meaning taking so long and what's been the challenge? Because since last three or four quarters, we've been expecting an approval, but there's a constant delay. So could you just articulate what's really gone wrong or what taking this and like what could be the opportunity?

Chetan Tamboli: Yes. Let me explain every component has got a specified chemistry and mechanical properties, okay? Now the component is designed to make sure that we give what customer needs. Now the component definitely has what is required in terms of the mechanical properties, in terms of composition and all. But when it goes into field trial, we get lesser life.

Now our customers are investigating. We are investigating if the product is right, why are we getting lower life. So that's the mystery, we are working on it. But what we've also done is we are working on several other areas, several other verticals of our existing customers, that if this railroad thing happens good. If it doesn't happen, there are enough of opportunities in the world where we could cater to and increase our capacity utilization.

Railway is just one part of the bigger picture. So our efforts are on and we are focusing on how to increase our utilization, whether we do railways now or maybe two quarters later or a year later. But the opportunities are tremendous and India is the favored nation in the rest of the world as a very very strong competitor to China and the opportunities are tremendous.

Sahil Doshi: Sure, sir. I appreciate the response. Just in terms of probability, if you had to put out meaning is there a probability of this railroad order not converting?

Chetan Tamboli: I would say probability of success will be close to more than 85%.

Sahil Doshi: Okay. Understood. And secondly, sir, on the defense order, which you did talk about, could you talk about the size of opportunity and is this like a Tier 1 or a direct kind of I'm not looking for names.

Chetan Tamboli: Yes. As I said for this one component alone, it could be a INR10 crores business per year, but the opportunities are tremendous. We could do many other components. And as time goes, we will share this, what are the opportunities, which is the country, what is the application. Only thing is it's too premature really to share this, but the opportunity is good.

Sahil Doshi: Understood, sir. Thank you so much, sir and best wishes.

Chetan Tamboli: Thank you to each one of you for being a part of our earnings call and participating in the call. We appreciate your support and trust in us. We hope we have been able to address most of your queries. In case of further queries, you may reach out to our investor relation advisor – Ernst & Young and they will connect with you offline. Thank you!

Moderator: Thank you. On behalf of PhillipCapital Private Client Group, we conclude this conference. Thank you for joining us and you may now disconnect your lines.