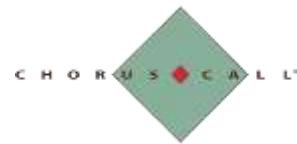




“Steelcast Limited

Q2 FY26 Earnings Conference Call”

October 31, 2025



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

MODERATOR: **MR. KANAV KHANNA – EY**

Moderator: Ladies and gentlemen, good day, and welcome to Steelcast Limited Q2 H1 FY '26 Earnings Conference Call. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kanav Khanna from EY Team. Thank you and over to you sir.

Kanav Khanna: Thank you, Vishal.

Good evening, everyone.

We welcome you all to Steelcast Limited's earnings call to discuss the Q2FY26 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. 30 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, Kanav bhai. Good evening everyone. We welcome you all to the earnings conference call of Steelcast Limited to discuss the company's performance during the quarter and half year ended 30th September 2025. We concluded our board meeting today and uploaded the financial results and 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 will start off by giving a highlight of the financial performance for the current quarter v/s Q2FY25:

Q2FY26 Vs. Q2FY25 (Y-O-Y):

- ▶ During Q2FY26, the revenue from operations was at ₹ 106.7 crore, a 42% growth from ₹ 75.4 crore in Q2FY25.
- ▶ EBIDTA during the quarter was at ₹ 34.2 crore, a 62% growth from ₹ 21.1 crore in Q2FY25. EBIDTA margin was at 32.0%, an increase of 408 bps from 28.0% in Q2FY25.
- ▶ PBT during the quarter was at ₹ 30.9 crore, a 73% growth from ₹ 17.9 crore in Q2FY25. This translated to a PBT margin of 29.0%, an increase of 527 bps from 23.7% in Q2FY25.

► PAT during the quarter was at ₹ 23.2 crore, a 75% growth from ₹ 13.3 crore in Q2FY25. PAT margin came in at 21.8%, an increase of 413 bps from 17.6% in Q2FY25.

While the first half of FY26 has been healthy, we expect a slight moderation/softer Q3 due to softer demand visibility and near-term geopolitical uncertainties, mainly driven by disruptions in certain export markets. Our teams are actively executing existing orders and maintaining strong engagement with key customers. However, given the global situation, there remains some uncertainties. Should geopolitical conditions stabilize and trade deal with US concluded by November 26 end, we expect Q4FY26 to perform better than Q3FY26. Taking all these factors into account, we currently estimate that FY26 will still deliver double-digit growth over FY25.

On the subject of US tariffs, I would like to highlight that our products continue to remain competitively positioned compared to other and Chinese suppliers. Despite recent tariff-related challenges impacting global trade flows, Steelcast maintains a solid cost advantage. For three of our key product categories supplied to the US, our prices are lower by approximately 5%, 12%, and 13%, respectively, compared to similar Chinese products. This cost edge not only supports our export competitiveness but also positions us well to capture incremental opportunities as customers diversify their sourcing amid ongoing geopolitical shifts.

We have been informed by all our customers that they will not change supply chain and they expect the trade deal to be concluded in coming few weeks.

At the same time, we continue to focus on derisking through geographic and sectoral diversification, expanding our footprint across newer regions and customer segments. Last quarter, we had shared that over three dozen new components were under development in the GET (Ground Engaging Tools) and construction industry segment. We are pleased to inform you that execution of these initial orders in both segments began in Q2FY26, and we remain optimistic about their growth potential going forward.

We have grown at 24% CAGR up till now in last four years, we are confident that we will grow @ 20% CAGR in coming three years.

Our core segments — Mining and Earthmoving — recorded strong double-digit year-on-year growth in Q2FY26.

In addition, our 2.4 MW hybrid power project to meet our increased volume requirement in FY27 is expected to be commissioned by 30th June, 2026. This will further enhance cost efficiency and sustainability, generating estimated annual savings of ₹3.5–4 crore.

We also expect 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 growing market demand over the long term. During Q2FY26, domestic sales contributed around 36%, while exports accounted for 64%.

Apart from the US, where we are seeing some moderation due to tariffs and other geopolitical factors, interest from both customers and investors remains strong, and we are encouraged by the continued confidence in our strategy and execution.

With that, I would now like to open the floor for questions. Thank you.

Moderator: First question is from the line of Harshil Solanki from Equitree Capital.

Harshil Solanki: I have a few questions, which I'll list together.

Firstly, our domestic sales have declined by 33% QoQ and 5% YoY. Could you please elaborate on the key challenges affecting the domestic market performance?

Secondly, regarding the defense segment, could you provide an update on the defense export component that was expected to scale up in September? Additionally, given the increasing demand for artillery shells in the Indian market and our development of aerial bombs and mortar bombs, are we exploring opportunities to participate in this segment?

Lastly, on the financial front, the 'Other Financial Effect' line item under the electrical segment increased from INR 22.64 crore to INR 43.67 crore between March and September. Could you please explain the reasons for this increase and what specific components are included in this figure?

Chetan Tamboli: Yes, thank you, Harshil bhai.

In terms of export and domestic sales contribution, these ratios have always fluctuated over time. Typically, domestic sales range around 35% and exports around 65%, though it can vary to 50-50 or 45-55, depending on the cycle. These changes are cyclical in nature, and there isn't any specific

reason for the current dip in domestic sales compared to exports — this variation is consistent with historical trends.

On the defense segment, to be honest, we have reduced our focus in this area. Over the past 3–4 years, we made significant efforts, but delays in tenders and other challenges have made us reconsider. Now, our approach is to take up only those defense opportunities that come organically, without any additional effort from our side. The segment remains highly bureaucratic and risky, and we see far greater, faster-moving opportunities in global markets.

As for artillery shells and bomb components, since we are primarily into steel castings, not forgings, we don't participate in those areas. Some tenders did come up earlier, but they were awarded to other players. So, going forward, defense will not be our focus area.

Regarding your question on 'Other Financial Assets', these primarily represent free reserves parked in fixed deposits, which have increased from INR 22.64 crore to INR 42.67 crore during the period.

Harshil Solanki: Just one follow-up. You mentioned about the challenges in defense, but if you can highlight on the defense export component, which you won recently and that was expected to scale out in September and onwards. So what's the status on that?

Chetan Tamboli: So for those defense exports, the first prototypes we supplied in June, which were approved. Then in the month of September, we shipped additional quantities, which have been exported. It will be received at customers end sometime in mid-November, and they'll do another testing for at least 10 to 12 weeks thereafter. And then we expect some reasonable business from there. But as of now, this is the status. To be exact, we shipped the first 250 numbers in June, which were approved. And then we have shipped 2,000 numbers in September, which will reach the customer end outside India in mid-November. And hopefully, we should get some additional business from this segment.

Moderator: The next question is from the line of Hemant, an Individual Investor.

Hemant: Sir, I have a couple of questions.

In our previous con call, we had guided for 18%–20% revenue growth for FY26. However, in the recent investor presentation, the guidance mentions

“early double-digit growth” for FY26. So, should this be seen as a revision or moderation in the earlier guidance?

Secondly, in the opening remarks, we have indicated a 20% CAGR over the next three years — should this be interpreted as a more conservative outlook?

And lastly, earlier we had guided for 59% capacity utilization for FY26, which was later revised to 53%. After Q2, what level of utilization are we now expecting for FY26? Also, can we expect H2 performance to be stronger compared to H1?

Chetan Tamboli: Yes, earlier we were targeting 18%–20% growth for FY26, but due to the tariff-related challenges between the U.S. and Indian governments, we experienced some disruptions starting April '26. While our customers have indicated that they do not intend to alter their supply chains, there has been a temporary slowdown, leading us to revise our guidance to a double-digit growth, and we now expect to achieve around 12% growth this year.

Regarding your second question on the 20% CAGR, you can view this as a conservative yet realistic estimate. Over the past four years, we have achieved a CAGR of 24%, and going forward, we are aiming for 20%, factoring in the current disruptions. Due to the same tariff issues, we have also revised our capacity utilization guidance from 53% to around 48%–49% for FY26. However, we expect operations to normalize from Q4 onwards.

Hemant: So I mean, in a nutshell, I can just sum it up that maybe due to tariff little uncertainties, we are lagging by 1 year, right?

Chetan Tamboli: Yes, you can say that as 1 year or the growth, which we were forecasting is being trimmed down from 18-20% to 12%. And this kind of massive disruption in tariffs is not only companies will suffer with the U.S. market, but elsewhere in the world also, the geopolitical situations have also been disturbed. But if you see on a very macro point of view, that our customers are not changing the supply chain. And we have to see always with a 2, 3-year horizon. And we expect to do a 20% CAGR in the coming 2, 3 years.

Hemant: So sir, can you tell me one thing, sir, what is the contribution from U.S. in export?

Chetan Tamboli: Total sales of U.S. share will be about 30% of our total sales.

Hemant: 30% of total sales or 30% of exports?

Chetan Tamboli: 30% of total sales.

Hemant: 30% of total sales. How much it will be in percentage terms with respect to exports?

Chetan Tamboli: We have already given the numbers, Hemant bhai, you need to figure this out, our quarterly sales is with you, our export component is with you. So you should figure out this. I would request everybody then this has to be seen in context of the uncertainties prevailing, the geopolitical situations and disturbance throughout the world.

Hemant: And so sir, the capacity, I mean, enhancement, which we were thinking about, I mean, which we were supposed to think about post FY '26, it may be postponed to 1 year, right?

Chetan Tamboli: We may consider this once again, somewhere around end of FY '26. We'll review it. We are reviewing this on a constant basis. And at an appropriate time, we will trigger this.

Moderator: The next follow-up question is from the line of Harshil Solanki from Equitree Capital.

Harshil Solanki: I wanted a clarification, you told that your prices are 5% to 13% cheaper than Chinese counterpart and the supplier customers are also not looking to change suppliers. So are you trying to say that because of the tariff, the end demand from the end users has slowed down. And hence, we are lowering our guidance? I just want to understand what is the challenge? Because we are still competitive in terms of pricing. So what is the issue?

Chetan Tamboli: If you see, we are competitive compared to the -- our other competitors around the world and also competitors from China. But with this additional tariffs put by U.S. government, the cost to the end customer will go up, and it has gone up. So in the short term, there will be softness in demand and that is why our third quarter is likely to be softer. Now the supply chain is going to be intact, but at least the cost increases to the end customer, means our customers' customer, it takes time for it to stabilize. So hence, in the short term, we are seeing softness in performance.

Harshil Solanki: Okay. Just one small thing. I was reading Caterpillar's con call. So this quarter, they have done good volume. And the commentary is also positive for Q4. So they are saying that the end demand is still strong. So I'm thinking what the mismatch here is. Caterpillar is quite bullish.

Chetan Tamboli: Yes. Caterpillar is a \$60 billion company. They have more than 15, 20 different verticals. They have done exceptionally well this quarter because of strong output from their energy sector. So we supply to the mining and earthmoving and the ground engaging tool sector.

So overall, Caterpillar may be upbeat on the future guidance, but we would also see how the different other sectors move. So what we have been guided by our customers is Q3 will be a little softer and Q4 onwards, we'll be back on track.

Moderator: Next question is from the line of Sahil Sanghvi from Monarch Network Capital.

Sahil Sanghvi: Congratulations on very good margins. My question is pertaining to GET. So if you can give us some more details on what were these development orders up to what quantum? And how do you see this scaling up? What kind of time line do you see on this product line?

Chetan Tamboli: Yes. The ground engaging tools segment is one of our future for us. We want to really develop this. At this point of time, our sales to GET segment is very minuscule. Over next 2, 3 years, we want to do at least 5% of our revenue into ground engaging tools. We are quite bullish on this. We have more than 1 dozen components under development in ground engaging tools. And hopefully, from Q3 and Q4 onwards, we should see a steady increase in sales in ground engaging tools.

Sahil Sanghvi: Okay. So where are we selling these products right now? And how many variants are these? And if you can just give some kind of numbers to this?

Chetan Tamboli: Yes. These are sold from our customers. The countries which we are exporting now are U.S., Singapore and some places in Europe.

Moderator: The next question is from the line of Rahul, an Individual Investor.

Rahul: Congratulations for a very good set of numbers. Sir, my question was that in the current situation of higher tariffs, are the customers like your esteemed customers from long, are they requesting you to take some tariff hit into your P&L? Or for the orders in the Q3, are they telling you to take some tariff hit or are they bearing all the tariff?

Chetan Tamboli: Okay. Since the tariff issue started on April 1, initially, we got request from, I think, 3 customers of whether we can share this extra cost to them. So we explained to everyone that this is a B2B business model. And when prices

are settled, there is a very stringent and tight negotiations. And there is practically no room for any price reductions.

So we have not passed on a single percentage price reduction to any of our customers. And customers are trying to mitigate this extra cost in their own way. And I think since June, we have not been requested by any customers for price reduction. And our customers understand this that it's very difficult for suppliers to mitigate this heavy cost increase.

Moderator: The next question is from the line of Shubham Thorat from Perpetual Capital Advisor.

Shubham Thorat: So sir, I'm a little newer to the company. So I just wanted to know what products do we supply to U.S.A and other export markets except U.S.A? That was one. The second thing is what kind of growth are you seeing in the mining and earthmoving division of yours. Third, in last quarter, you had mentioned that a few of the approvals from the railroad division are pending. So what is the status on that? And fourth and the final question is what is our current capex utilization? And what is our guidance regarding that? How do we expect to ramp up?

Chetan Tamboli: Rushil, are you there? Rushil?

Rushil Tamboli: Yes. I can hear you.

Chetan Tamboli: Yes, Rushil, can you just give guidance on the capacity utilization part, which Mr. Shubham is asking, then I'll answer the other 2 questions.

Rushil Tamboli: Sure. So based on the conversion that we are seeing of our samples being developed, currently, we are at about 48%, next financial year, we see ourselves at about 58%. And the following year, we expect to be above 75%.

Chetan Tamboli: Yes. Now, we now export to about 15 countries and likely to go to 18 countries in another 1 or 2 quarters. Regarding these railways, there is not much movement in our development stage. And we are focusing on many other opportunities, which we believe are more lucrative. And as and when we have operations in railways, we'll shortly cater to that requirement. But the exports apart from U.S. are to additionally 15, 16 countries.

Shubham Thorat: Okay. And any comments on mining and earthmoving divisions?

Chetan Tamboli: Mining, earthmoving, we have already said in my speech that we have seen more than 10% growth in the current year and we expect overall growth from this year to next year to about 20%.

Shubham Thorat: Okay. And sir, can you please mention all the products that you supply in the export market?

Chetan Tamboli: Yes, these are steel castings. And these steel castings are used in different equipments like mining equipment, earthmoving equipment, construction equipment, railroad equipment, steel plant equipment and other end user industries.

So these are components which go into a machine and we cater to 9 different industries from mining, earthmoving, locomotive, transport, construction, railroad, ground engaging tools, cement, steel and defense. So these are steel castings going into this different equipments in different industrial segments.

Shubham Thorat: Okay. And sir, so these products are directly supplied to end user industries? Or are they sold through any channel partners?

Chetan Tamboli: No, these are all goes to the end customers who are all OEMS, and these OEMs are anywhere from \$5 billion to \$70 billion, \$80 billion companies. We give directly to our customers who are all original equipment manufacturers.

Shubham Thorat: Can you name some of them?

Chetan Tamboli: Due to confidential reasons, we don't give out names of our end customers. We are only talking about the industrial segments.

Moderator: The next question is from the line of K Manjunath from Canara Bank.

K Manjunath: Chetan bhai, congratulations on a wonderful set of numbers in this challenging situation. I just have 3 questions, sir, number one, in the last conference, you had indicated that you have developed some components for the export defense market. What is the present situation? And number two, you're focusing generally in the OEMs, so you had also plan to enter the replacement market in exports. And my last question would be how many years will it take to cross that INR1,000 crores turnover, considering the present and future estimates?

Chetan Tamboli: I think during the beginning of the call, I did answer this that for defense exports, we got the first trial order, and we shipped about 250 different

quantities in June, which were approved by the end customer. Then we got development order of 2,000 numbers, which we have shipped in September, they will reach the end customer by mid-November.

And hopefully, we should see some additional volumes coming maybe from Q4 or maybe Q1 of next year. Regarding sales to OEMS, as of now, all 100% of our sales are to OEMs only, we are not going into a replacement market and even for the future, we will work through OEMs only and not directly in the replacement market.

And your question about INR1,000 crores, when we'll reach? I'm also equally interested as you are. But everything if still goes well as planned, maybe FY '29, we might cross INR1,000 crores.

K Manjunath: What's our orders on hand as in date, sir?

Chetan Tamboli: Orders on hand in terms of value terms is about INR108 crores.

Moderator: The next question is from the line of Shahzad Shroff from Demeter Advisors.

Shahzad Shroff: I had only 1 question on the EBITDA margins. We've done 27% in H1. And given we are seeing H2 will be slightly softer, so can you guide to anything on the margin front for H2?

Chetan Tamboli: See, if you see EBITDA margin for the current quarter, it is about 32% and this is higher by 408 basis points compared to the corresponding quarter. In this quarter, beginning July, the input prices went down. So we saved on input cost around INR2.86 crores. Then cost reduction measures, which we do on an ongoing basis, we saved about INR53 Lakh and then there was a gain of INR1.98 crores due to foreign exchange.

So all put together, we got onetime EBITDA gain of 500 basis points and INR5.37 crores. I think I've been always saying from past 3, 4 quarters that our sustainable margins will be 25% to 26%. And then we might end up saving another 1% or 2% from exchange rates cost reductions, improvement in productivities, etcetera. So on a longer term, 25%, 26% looks on a sustainable basis. And then maybe we end up saving another 2%, 3% here or there. So we might do about 28%, 29%.

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

Srinath V.: Congratulations on the good set of numbers. I wanted to understand more from a 3-year window, what are the kind of interesting new opportunities or

product developments at a sector level or directionally subsector level that you could share just for our understanding as to what are the opportunities you're pursuing, sir?

Chetan Tamboli: I can say with all the disruption because of tariffs, but if you really see through the overall strategy of customers to find a replacement of China is still in vogue. We are seeing people coming to us as to reduce the dependency on China. So on a macro level, the opportunities are tremendous.

Second, all the OEMs who have facilities other than U.S. are also contemplating sourcing products for some other countries other than U.S. So if they produce the equipment in some other countries, they will bypass the higher tariff issue of U.S. So we are seeing our sales increasing elsewhere other than U.S. in the current quarter.

Third, Japanese markets are highly dependent on China, and we are seeing some good traction from Japanese market that they also want to reduce dependence on China. So if you consider the present geopolitical situation, and the tariff issues, I think going forward in another 2, 3 years, there may be tremendous opportunities other than U.S. Moreover, trade agreement with U.K. has been finalized and our tariffs on steel castings are lower in U.K. The tariff agreement with -- the bilateral trade agreement with EU is almost being finalized. And of course, the U.S. also.

So net-net, across the world, India will be far more competitive than what we were a couple of years back. And people do see with us with a lot of respect, and want to consider India in general and maybe a company like Steelcast as a replacement toward dependent on China.

Srinath V.: Got it, sir. One more follow-up on this. I wanted to understand some of the wins that we had in the last few years came from existing customers, but new parts and new facilities, different facilities that we are not addressing. So do we continue on that part? Are there more opportunities with the existing customers for newer products in different facilities that we may not be working in?

Chetan Tamboli: I think a very good question. In the past 3 months, we have received development orders for parts which are from existing customers but not for the U.S. market, but these are for French -- France markets and Brazil. So those parts are under development now.

So going forward, the customer is from U.S., but we'll be supplying to their facilities in France and Brazil. So there are a lot of opportunities. And that is one reason we have been saying that we have grown CAGR of 24% in last 4 years, and we'll shortly do 20% plus CAGR growth in the coming 3 years. This is because of the different opportunities what we see on the horizon and what we have already in our hand.

Srinath V.: Got it. Got it. Thank you, sir. Thanks for the clarification. And congratulations on the good set of numbers.

Moderator: As there are no further questions, I would now like to hand over the conference over to management for closing remarks.

Chetan Tamboli: Thank you to each one of you for being part of our earnings call and participating well. We appreciate your support and trust in us. We hope we've been able to address most of your queries. In case of any further queries, please do not hesitate to contact our Investor Relation advisor, Ernst & Young, and they will connect with you off-line. Thank you again, and thank you to E&Y for supporting in our endeavor. Thank you.

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