"Kirloskar Ferrous Industries Limited
Q3 FY2022 Post Results Earnings Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Kirloskar Ferrous Industries Limited Q3 FY2022 Post Results Earnings Conference Call hosted by Antique Stock Broking. 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 "*" and then "0" on your touchtone telephone. 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, Mr. Agarwal!

Pallav Agarwal: Thank you Peter and good afternoon everyone and welcome to the 3Q results conference call of Kirloskar Ferrous. We have the senior management represented by the Managing Director, Mr. Gumaste, and CFO, Mr Srivatsan. I would now hand over the call now to Mr. Gumaste for his opening remarks. Over to you Sir!

R. V. Gumaste: Yeah Thank you very Pallav. Good afternoon ladies and gentlemen and let me first of all welcome all of you for the Q3 earning call and I hope that all of you are safe and doing well and taking care of yourself.

Let me start with **some** quantitative information, in the Q3 we were operating with pig iron plants and foundries, all the mix in whole and the all the three mini blast furnaces were under operation. During this quarter, we operationalized sinter plant in Hiriyur and we had some stabilizing activity around 5,000 tonnes of pig iron production was lower otherwise we had a slim quarter and produced 1,32,600 tonnes of pig iron and we also sold 1,28,900 tonnes of pig iron so some small quantity about 5,000 had gone in to the stock because of the sluggish market conditions.

On the castings front though it was a mixed bag the demand for casting from tractor industry as well auto was down but some of the other customers doing well especially heavy commercial vehicles doing exports and we could maintain the production rate likely more than 10,000 metric tonnes per month and our sales from the quarter was slightly less at 28,700 metric tonne against Q2 30,000 metric tonnes.

With this we have total sales of Rs. 933 Crores against Rs. 958 Crores of last quarter and of course much better compared to the last year third quarter which was Rs. 590 Crores. The sales realization on pig iron moved up during this quarter to Rs. 44,800 per metric tonnes and casting Rs. 1,15,900 per metric tonne.

During the entire quarter and even before that the input raw material cost mainly the coking coal prices have moved up, if I look at the coking coal price one year back it was our

Kirloskar Ferrous blend was $107 and currently today what we have $307 a tonne the blended cost, the current coking coal is even higher than that. This kind of scenario definitely put lot of pressure on fixed cost over RMSP raw material to sales price last year was 59%, last quarter it was 70% and today we are very close to 75%. On the other hand our power and fuel cost which was 3.5% last year, we are at 2.9% in this quarter.

So naturally it has affected our EBITDA, EBITDA this quarter is at Rs.138 Crores against Rs.145 Crores last year and.Rs. 187 Crores last quarter so we have come to a level of 15% EBITDA with this PBT for the quarter is Rs.110 Crores. There is no reduction in the coal prices as we are moving ahead. We are yet to see any softening of the coking coal prices. We are also seeing headwinds on increasing the pig iron prices though we have recently increased the pig iron prices marginally but it looks to be that further increase is required to pass on the casting price to customers and looked forward that the market will support in passing on the coking coal price increase on to the pig iron.

Some parts of India the pig iron prices have moved up some parts of India still yet to move up and I look forward that we will able to increase the prices as the demand increases in coming weeks and months and as of now there is a there is a tremendous headwind.

With Rs. 933 Crores of sales for Q3, for three quarters we are at Rs. 2,714 Crores against Rs. 1,289 Crores last year. EBITDA we stand at Rs. 537 Crores against last year Rs. 268 Crores an increase of almost doubly and EBITDA margin however last year was 21% and EBITDA margin for nine months we are at 20%. PBT for these nine months stands at Rs. 457 Crores against Rs. 192 Crores last year and PAT at Rs. 340 Crores against last year Rs. 166.8 Crores. As regards the projects , we continue to work on all the projects as planned and we are moving forward with all the projects and there is no major change in the time line for the projects.

We see both pig iron and castings reasonably stable and good demand to continue though it is a mixed basket and we also see some amount of commodity pressure coming from coal on to our input cost and with respect to acquisition of the ISMT both companies KFIL and ISMT have completed shareholders approval for the transaction. We are in the process of getting the CCI approval and SEBI approvals and also signing up the onetime settlement by the bankers.

As we move forward we will keep you updated and with respect to litigations also time to time we are updating and we will continue to update you as the events of the progress happens. In the meantime KFIL received CII business excellence award of the year. Also we have received three awards important awards from our valuable customers for new product development for the delivery performance and the quality performance and as business partner. We also continued to add new component into our development so far and there has been new orders booked it should help us in adding the volumes required for the line 2 in Solapur and today OEM customers castings compared to last year 24 customers we have now 26 customers with the addition of two customers. These are important developments and updates on KFIL Q3 and nine months so far. With this brief introduction, I would now request and invite the questions. Thank you very much.

Moderator: Thank you very much, we will now begin the question and answer session. The first question is from the line of Akshay Satija from Alpha Invesco. Please go ahead.

Akshay Satija: Thank you for the opportunity. Sir I have couple of questions, first on the ISMT, the debt of ISMT is held by the asset recovery committee so sir under what confidence the Jindal Pipes filed this complaint and by any chance they also bid for in this auction. Just trying to understand the reason why are Jindal Pipes interfering in the acquisition?

R. V. Gumaste: When the members asking for the bid from all the public or anyone that time they did not participate and apply and they have filed the cases later on I do not know what is the logic of doing that.

Akshay Satija: Ok. Sir on the pig iron front I just wanted one confirmation so for every ton of pig iron roughly 0.8 ton of coke is required right?

R. V. Gumaste: In a way it is about 0.66 or 0.65 as we have reduced the coke consumption in our process. Per tonne requirement is about 660 kg.

Akshay Satija: Is it that 660 kg is now or this is after all the improvements in?

R. V. Gumaste: It is now in Hospet now, in Koppal plant now.

Akshay Satija: Okay got it thank you. That is it from my side.

Moderator: Thank you. Our next question is from the line of Sumesh Guleria from Green Portfolio. Please go ahead.

Sumesh Guleria: Thanks for the opportunity. In continuing with the earlier question, this is regarding ISMT so what exactly is happening in the ISMT as of now and like by when we can see the finalization of this steel iron on the complete end.

R. V. Gumaste: We have completed processes what is required from Kirloskar Ferrous and what is required from ISMT. What is left out is basically regulatory approval, CCI approval and the other one is subsequently market regulator approval and also OTS approval and sign off by the bankers.

Sumesh Guleria: Any estimated timeline like by end of this year like 2022?

R. V. Gumaste: It involves regulatory approval. I think but we are looking for closing early but as it involves regulatory approvals cannot give precise timeline but it should happen as soon as the regulatory approval and bankers OTS sign off and things which will happen very quickly.

Sumesh Guleria: Sir last concall or I read somewhere please pardon me if I am wrong so we heard a word about the merger part so for couple of years like you will running this is as a separate entity and post that you will incorporating this completely into Kirloskar Ferrous right ISMT so let us say we are done with all the regulatory requirements by end of this year hypothetically so by then we can expect the merger to happen will it be something like financial year 2024-2025 or what could be that year for the complete merger with Kirloskar Ferrous.

R. V. Gumaste: The present focus is the acquisition and the second focus would be the stabilization of operations and turnaround and stability to the organization ISMT and then subsequently we can think of the merger.

Sumesh Guleria: So as of now we cannot say what should be the possible year for that right?

R. V. Gumaste: We cannot say exactly because you cannot do it in hurry. It has to be done properly ISMT has to strengthen on its own footings and should not be any disturbing or KFIL once it stands on its own and KFIL is good then it is possible to go for merger.

Sumesh Guleria: I have another question. So right now we are seeing a lot of increase in the raw material cost and something is happening on the selling price also I mean they are going up when all these stabilizes and coking coal price is stabilized and even our pig iron price is stabilized to some extent what kind of margins we can see then for Kirloskar Ferrous?

R. V. Gumaste: I think very important thing is as you have seen we are working for improving the internal efficiency one is productivity improvement from all the blast furnaces and capacity utilization improvement from all the foundries and generating more power and consuming power in foundries so all these basically is to drive our cost down and increase the productivity, increase the sales and increase the contribution and EBITDA and earlier we actually we were at EBITDA levels of 8 to 9%, 10% and we have moved up but there are market dynamics like unseen market conditions are also coming once in a while like coking coal prices going three times in short time in one year's time and that makes it extremely difficult to answer specific question and give percentages but I would say that we have moved to better levels and right now the commodity or the coal price is adverse to us and margins are very low as we stand today and we have also seen the other side when coal prices were low and we had very high margins I think we will have to take a balanced view and not go for performances month by month or quarter by quarter we have to see year after year I know like 2021-2022 became a good year how we make 2022-2023 good year and what kind of market challenges and what kind of commodity challenges we have to look at that. Thank you.

Sumesh Guleria: Right now it is around 15% so can we take it as a benchmark so going forward it will sustain around 13, 14, 15% beyond that only and it would not fall down.

R. V. Gumaste: No I would refrain from giving future because see fluctuations are too high and becomes difficult to commit a guaranteed EBITDA but we only said that we are at a different level and pig iron prices pick up and then the margins could definitely be much better than what they are today but if the commodity prices go up and then it can impact the EBITDA level even from this year.

Sumesh Guleria: Okay thank you sir. Thanks a lot for all answers.

Moderator: Thank you. Our next question is from the line of Rushabh Shah from Anubhuti Advisors. Please go ahead.

Rushabh Shah: Thank you for the opportunity. As we having this couple of questions first on the iron ore mines sir from the past couple of quarters we have been waiting for some regulatory clearances so what exactly is the issue and how soon can we expect to get the clearance to operate the mines?

R. V. Gumaste: Thank you very much. We have got two mines and both are awaiting the forest clearances as on date and there has been a procedural change that earlier files used to go to Delhi and they have gone to Delhi right now and but now it is likely to come back to states to decide and within that there has been tremendous delays over the last one-and-a-half years should have happened but we are putting all our efforts to get the forest clearance through and we are quite hopeful that it should happen but it has been taking a lot of time and sorry I am unable to really give a fixed date for forest clearance which has to happen from the regulatory authorities and we are putting our efforts and it depends on how quickly the government moves forward to clear the files.

Rushabh Shah: Okay and just if you can quantify how much could this benefit to Kirloskar if these mines get operational in terms of how much will it benefit our bottom line?

R. V. Gumaste: Basically we have got these mines at good percentage rates one is at 36% and there is 56% today's auction if you look at these numbers are very interesting. You can make your calculations I think we will save at least half of the cost of iron ore. We expect to mine about 2.5 lakhs tonnes per annum to start with and maybe we can try taking it up to 5 lakhs metric tonnes per annum coming from these two mines.

Rushabh Shah: Perfect. Second question was with respect to the mini blast furnace upgradation so when can we expect the plant shutdown this to take place?

R. V. Gumaste: As of now we are taking the stoppage from first week of February for 105 days.

Rushabh Shah: 105 days, any impact on the business how much can we expect that?

R. V. Gumaste: Do not know right now if you look at sluggish market and lower off take of pig iron it is in least impact but definitely 15,000 metric tonnes per month pig iron is not available for almost three-and-a-half months so about 50,000 tonnes of pig iron will be less produced because of this but once we complete the upgrade then it will produce more 3,000 to 4,000 tonnes per month more and that will give more pig iron and thereby makes up for the loss.

Rushabh Shah: Okay so basically the three-and-a-half months loss will be coped up in the next one year so?

R. V. Gumaste: One year or 15 months it will produce more than the earlier capacity.

Rushabh Shah: Perfect just last one question if I can add up so basically is there new customer addition in the auto space or in the non-auto space and just a few basic highlight on which sector can lead to a growth in the next couple of quarters?

R. V. Gumaste: We have added customer from infrastructure development area couple of customers and the customer also one of the customer added is from the tractors those are the two customers added in the last one year's time.

Rushabh Shah: Okay, just in the last one quarter one customer which we have added was it from tractor segment or was it from an infra space?

R. V. Gumaste: I think it was in the tractor.

Rushabh Shah: Just one last on the segment outlook, is auto expected to recover in 4Q or will it take a quarter more to get back?

R. V. Gumaste: Auto is difficult to say but right now if we look at our business in our area of operations we are finding that commercial vehicle, medium duty and heavy duty we have good pull for casting and that is what is loading the foundries.

Rushabh Shah: Perfect, that is all from my side. Thank you so much Sir.

Moderator: Thank you. Our next question is from the line of Anirudha an Individual Investor. Please go ahead.

Anirudha: My question is respect to ISMT acquisition. Is there any longstop date for Kirloskar Ferrous for this acquisition?

R. V. Gumaste: Yes there is longstop date but that is from the lenders and as lenders also have to come back I think the delay is from their side I expect they will need to extent the delays from their side.

Anirudha: So no longstop dates from Kirloskar Ferrous as such?

R. V. Gumaste: Yes we are ready both Kirloskar Ferrous and ISMT we have completed all our process and one is the lenders have to come back other one is the regulatory clearance we are ready in all respects.

Anirudha: Okay, thank you sir, all the best.

R. V. Gumaste: Thank you Anirudha. Thank you so much.

Moderator: Thank you. Our next question is from the line of Yash Chandak an Individual Investor. Please go ahead.

Yash Chandak: Good evening Sir. Thank you very much. Sir my first question will be on the pig iron side. So how is our pig iron cost of production quarter to quarter if you can get an idea over that?

R. V. Gumaste: I just mentioned that the RMSP which was last year 59% moved to 70% in Q2 and as we stand today it is at 75% so there has been tremendous increase in the material cost and with respect to EBITDA you have seen that has come to a level of 15%.

Yash Chandak: Sorry Sir I missed that question, I apologize. Second sir, I would like to know over the coking coal part, recently there has been huge hikes in coking coal prices in very short period of time so have we done any change in our strategy like have we started storing more coking coal or have we done any kind of change in our procurement policy for coal?

R. V. Gumaste: We had done not now because the coking coal prices last couple of months have been very high but we have done last year and we have covered our coking coal requirements up to March end and subsequently up to towards the end of April so that's where we are but we will have to get into the market towards the next month to book some cargo. We had covered which has brought us up to this point of time.

Yash Chandak: Does that mean that we keep an inventory of more than 4 to 5 months or 6 months?

R. V. Gumaste: We had kept not six months, we had kept about 4 to 5 months and currently I think it may be about 3 months inventory now, 3 to 4 months inventory now.

Yash Chandak: Thank you sir. Thank you very much.

R. V. Gumaste: Thank you Chandak.

Moderator: Thank you. Our next question is from the line of Nehal Praname, an individual investor. Please go ahead.

Nehal Praname: I just wanted to ask like what are the inventory stock levels that we are keeping for the pig iron as well as for the DI pipes?

R. V. Gumaste: Thank you very much. We do not have DI pipes, we have pig iron and casting. Pig iron we do not have much, three to four days stock, we generally do not keep this is high in fact I think we will get corrected shortly and we normally operate with one or two days stock and casting which is typically there are variety of castings which are required for processing and I am making them ready for dispatch that's the only pig iron stock, but major stock will be of input material would be not so much of casting and pig iron.

Nehal Praname: Okay, understood. Just wanted to ask one more thing like in Q4 we are going for the shutdown so like we will be having little less inventory so what do you think about the market to react for that like the prices to increase or how the market sentiment would be for the Q4 2022 for pig iron specifically?

R. V. Gumaste: First of all shutdown we are taking it is not going to affect in any way for the casting business and casting customers and for the pig iron side also we will taking shutdown on one furnace and continue to run two furnaces we will be able to take care of all the critical customers pig iron requirements and with respect to the market I would say whatever is the condition of the market it is the right time to complete our upgrade and maintenance which is otherwise at the high margin time it will be difficult to take stoppage for long time. Thank you.

Nehal Praname: Thank you.

Moderator: Thank you. Our next question is from the line of Govindlal Gilada an individual investor. Please go ahead.

Govindlal Gilada: Good evening sir and congratulations for giving good set of numbers in challenging scenario. I want to just understand how this fourth quarter going to shape up. In third quarter we had low cost inventory of coking coal that we are exhausting now and fourth quarter if I am right the high cost coal we will be using so two or three things. First thing on raw material cost how it will be in third quarter and due to this further margin impact will be there versus third quarter one thing. Second thing because of this one shutdown we are taking out one blast furnace so versus third quarter how much impact will be there in production of pig iron. Third thing is this how casting because as of now tractor scenario is little bit demand scenario is looking weak so casting also versus third quarter how fourth quarter we are seeing production and sales net, net versus third or fourth quarter how margins production will shape up just I want have your view? Thank you.

R. V. Gumaste: Thank you very much. Let me start with the last question first, and then the easy question first. As regards to the casting demand as I mentioned we have been able to manage and maintain 10,000 metric tonnes of casting production and sales per month more or less we have been able to do because couple of our customers from the trucks and the deemed export side they have been doing extremely well and we have been able to ship the castings to them. I definitely look forward that from February some improvement in the tractor market which we have some schedules coming from 15th February. I expect some improvement to happen on the tractor as well as the auto sector which may give us some extra volume if possible otherwise we may continue at this level of 10,000 metric for couple of more months before we get into higher numbers. Coming to pig iron business we have as I mentioned 307, 310 blended coal price is the price for January, February, March, these three months and pig iron market is quite volatile and it is not very long-term price hike that being low or high so that is why it is very difficult to predict but right now as we stand with respect to market condition I would say that still there is tremendous pressure for the margins and the slight increase in the cost of coal and coke will come in to effect in February and March and if we get support from the market and the pig iron price then we can improve the margin otherwise the margin will be under pressure for Q4 as well.

Govindlal Gilada: Regarding volume of pig iron sir due to this one..

R. V. Gumaste: Volume of pig iron one means 15,000 per month we will get reduced which is 45,000 per quarter. Out of that this month we are running so it will be 30,000 so whatever quantity we had planned in the year we are completing or are slightly more than that but I agree with you February and March will be 15,000 less each month and we will still produce 35,000 metric tonnes per month.

Govindlal Gilada: Followed sir, let us say some dip in pig iron production and sales of pig iron?

R. V. Gumaste: Basically the dip in the production and sales would be of the order of 30,000 metric tonnes.

Govindlal Gilada: Followed Sir, then how iron ore prices are behaving Sir versus third quarter current iron ore prices?

R. V. Gumaste: Iron ore prices have stabilized now but in the last 5 to 6 months iron ore prices have come down by about Rs. 3,000 per metric tonne.

Govindlal Gilada: Thank you Sir. That is all from my side.

R. V. Gumaste: Thank you very much.

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

Saket Kapoor: Sir as you pointed out that the margins will be under pressure due to high raw material prices sir how was the pig iron prices behaved post the exit of the December quarter?

R. V. Gumaste: Actually I just mentioned that the pig iron prices have gone up about Rs. 1,500 per metric tonne in last two or three weeks and all deliveries, basically last two or three weeks and we have to see whether we will be able to increase further in the coming weeks and coming months.

Saket Kapoor: Since you have the inventory of raw materials at 307, I think so which you have mentioned for coal, so taking into that maths in to account what kind of compression in margins are we expecting for the third quarter I think so we did 14.8% and overall nine months it was 19% to closer to 20% so on a quarter-on-quarter basis how should that shape up since we are carrying the raw material inventory?

R. V. Gumaste: No we have the raw material calculation but we do not have the pig iron calculation our attempt is to pass on some cost increase to customer and that we really do not know exactly how much will happen and that is why it is very difficult to calculate what can happen to the fourth quarter EBITDA.

Saket Kapoor: But for this month how has the margins shaped up you can give some picture on the same for this month itself we are already 20 days, 25 days?

R. V. Gumaste: What happens, see there is combination effect it is not only one because the prices increase effect is not there for the full month in January that will come into effect in February so you know it. I think we will come back after the quarter that you know in general the margins are under pressure we are on the low curve and we have to look for better improvement in the pig iron prices in the coming days.

Saket Kapoor: Sir our volume guidance of closer to 5 lakhs for the full year we did 3,85,000 so we would be doing?

R. V. Gumaste: I think we will be very close that number of 5 lakhs.

Saket Kapoor: This is taking into account the deduction of 30,000.

R. V. Gumaste: Yes because we are running one month full and two months one furnace less I think we will be very close to that 5 lakhs number.

Saket Kapoor: Sir the percentage of RM to sales has hit a new high so what should be the new normal going forward or is it very difficult to give of raw material percentage to sales since it has now moved up sharply so as per our business plans what are the contemplating going forward?

R. V. Gumaste: I think this is a transition phase we have to see because last time when we saw the very low price of coking coal it was because of the Chinese ban on imports. now China has started importing coking coal from Australia we will have to see how it is going to stabilize and what it is going to be new normal we are also very closely watching and trying to see our expectation in the long run may be it will take two to three quarters but it should come $250 which we consider reasonable at this point of time but currently it is at 300 plus. So it is definitely a guess, what is new normal, but our expectation is $250 to $300 it should come back as the market normalizes both demand and supply side.

Saket Kapoor: This will be the tractor value that will lead this correction or this speculative build up needs to unwind?

R. V. Gumaste: This is only our expectation there is no authentic estimation available.

Saket Kapoor: Lastly two points, firstly with the acquisition of ISMT in our portfolio how is the portfolio going to look like two years down the line with respect to the value added product and commoditized product Sir and Sir on an overall basis what kind of margin should be specified with the business plan ahead with the furnaces also being up from two months from now what should be the EBITDA margin band which will be comfortable that we would be able to take into account the vagaries of the market and this band would stay? That is all Sir.

R. V. Gumaste: Thank you very much. Currently, whatever the projects we have been working is to take the pig iron from all the three units very close to 7 lakhs metric tonnes per annum and casting going up to 200,000 or 2 lakhs metric tonnes per annum and all going well the integration of ISMT certain part of the pig iron should get converted into steel and convert into value-added steel as well as the seamless tubes that is the main thing and that is what we want to do and we are starting the iron ore and going up the steel value added product. I think it definitely brings far more stronger value addition chain and we expect it to give us tremendous advantage in value addition from end to end.

Saket Kapoor: That will take how much time sir what is the plan which we are going ahead?

R. V. Gumaste: The steel will take I think two to three years depends on how quickly we can do but other than that all other projects to go to close to 7 lakhs metric tonnes per annum of pig iron and 2 lakhs metric tonnes of casting, we are completing the projects in one year and within the next two years so that we can realize these numbers but the steel will take one more year to come.

Saket Kapoor: Okay sir, and on the power cost also sir, new saving of 2.5% now the power is at 2.5 to 2.9 band, so the power cost will be aligned in this band only sir?

R. V. Gumaste: See in Koppal plant and Hiriyur plant power wise almost we are self sufficient. Solapur we have 50% solar and we will have to look at the power and fuel, only the acquired entity and we are well placed in power and fuel in KFIL in all the three locations.

Moderator: Thank you. Our next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited. Please go ahead.

Bharat Sheth: Good afternoon Sir. I have a question on the casting side so if few of our realization is improving so how much this is all on account of say cost increase and how much is on account of this machining or value added product we are doing so if you can give some color and additional how much is because of EBITDA is also likely to be generated?

R. V. Gumaste: Most of the realizations increases because of the cost increase back to back compensation from the customers marginally it is because of the machining but currently we are at a level of between the two clients about 30 Crores of machining, 25 to 30 Crores of machining and typically 2/3rd of that is the value addition. So it is still not very high amongst coming out of the machining value addition but it is the right direction and they compete to take the orders and try to expand machining but the realization improvement is because of the commodity price increase cycle.

Bharat Sheth: Sir second question on because of the policy till Q2 pig iron I mean iron ore prices were high and coking coal was low from Q2 to Q3 iron ore price increase substantially and now with this coal pulverizing started the coal consumption overall how much I mean really price increase is really we may need to kind of absorb full cost?

R. V. Gumaste: I think my estimate is you know as you saw I just said that last year our RMSP was 59% and it went to 70% and 75% so it is not reasonable expect a go back to 60% but at least if you are to go to 65% about 10% price increase is what is required go back to reasonable EBITDA level.

Bharat Sheth: But with this reduction in the using of the coal still they will need 10%?

R. V. Gumaste: Yes sir we still need 10% because the increase in the coal prices have been very substantial. We need to Rs. 4,000 to 5,000 increase in pig iron prices.

Bharat Sheth: Out of which 1,500 we have already taken further?

R. V. Gumaste: No on top of that.

Bharat Sheth: Last question you stated that this banker has not come back for one time settlement is it because of this new offer which has come in between or is there any other reason for that?

R. V. Gumaste: No correlation with that. The banks have to complete their committee meetings and board meetings and then approve the OTS. Nothing with the case, thank you.

Bharat Sheth: Thank you very much Sir.

Moderator: Thank you. The next question is from the line of Kritika Tiwari from Vedanta Limited. Please go ahead.

Kritika Tiwari: My first question we are getting an idea of the breakup between revenue of pig iron and casting can you throw some light on the EBITDA margin that we have earned in this quarter on both?

R. V. Gumaste: I do not have separate value of that but we have seen the casting and pig iron EBITDA growing similar and then they keep changing the pig iron was higher now going to lower. I do not have separate calculate except at the company level.

Kritika Tiwari: On an average basis that you can give us an idea?

R. V. Gumaste: I think the foundries are at about 15% today if you see EBITDA is 15% it could be balanced level right now.

Kritika Tiwari: Okay and pig iron?

R. V. Gumaste: Same, both of them become 15% for the last quarter.

Kritika Tiwari: Okay and second question what is our incremental cost that we are incurring in Q3 as compared to pig iron what would be the additional cost incurred in case of casting?

R. V. Gumaste: I could not get your question please?

Kritika Tiwari: Sir my question is what is our incremental cost that we are incurred to make castings vis-à-vis pig iron?

R. V. Gumaste: No it is totally different product the pig iron is like Rs. 43 to 44 a kg and castings are at 100 plus. there are lot of other processes involved other than the metal itself and the kind of castings we make have been complicated involves number of steps involved in making the castings we are like individually made casting though mechanized and it is a lot more process evolved in making castings.

Kritika Tiwari: Okay, thank you so much.

Moderator: Ladies and gentlemen, that was the last question. I now handover the conference back to Mr. Gumaste for closing comments!

R.V. Gumaste: Thank you very much all the participants. It is always a pleasure to speak to all of you and once again thank one and all for taking interest and joining this call. I wish all of you all the best and safe maybe wherever you are. Thank you very much. I think I just almost completed. Thank everyone for joining this call and request all of you to take care. All the best. Thank you.

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