"Kirloskar Ferrous Industries Limited

Q2 FY '25 Earnings Conference Call"

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

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

Moderator: Ladies and gentlemen, good day, and welcome to Kirloskar Ferrous Industries Limited 2Q FY '25 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 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, Muskan, and good evening, everyone. Welcome to the second quarter results conference call of Kirloskar Ferrous Industries. We have the senior management of the company represented by Mr. R.V. Gumaste, Managing Director; and Mr. R.S. Srivatsan, ED Finance and CFO.

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

R.V. Gumaste: Yes. Thank you, Pallav, for the introduction. And we'll start the call with very short highlights from my side and then over to the question-and-answer. First of all, let me take this opportunity to convey my best wishes to all the people who have joined this call. Belated happy Diwali wishes. And let me start with some details on the production during the quarter. Quarter 2, we had Pig Iron hot metal production of 1,65,495 tons, compared to last year's 1,15,000 tons and 1,55,000 tons in quarter 1. So compared to the quarter 1, we have increased the output of 7% compared to last year's second quarter, 43% increase, because of the last year's stoppage of the furnace.

With respect to castings, we have finished during the month during the quarter, 37,748 metric ton, which is 7% more than the last year similar quarter, and a quarter-to-quarter increase of 13%. And the tubes production is 51,167 tons, which is increase of 11%, compared to the last year's second quarter, and compared to last quarter, first quarter, 19% more production. Whereas steel is a little bit flattish, it's at 65,140 tons, compared to 64,350 tons, just 1% more than the first quarter and compared to quarter 2 last year, it's a 12% increase.

Moving on to sales quantities. I think there is an increase in the Pig Iron sales, external sales also to the extent of 44%, compared to last year because of the stoppage in the last year. Casting sales also increased this year. Casting sales is 37,000 metric ton, compared to 31,000 metric ton last year this quarter, an increase of 17%. Overall casting between Koppal and Solapur we have a growth of 17% from last quarter, with compared to last year first quarter, 9% growth.

Tubes, although we have increased production, sales-wise, we have marginal drop in the sales compared to last year second quarter. A number of things have played, one of them being some issues related to delayed sales because of the mergers required, all the customers to give us the new account code and new orders in the new name as Kirloskar Ferrous Industries. Some impact has come, but I think we will have the opportunity to make it up in the next quarter with increase billing happening.

Sales, value wise, as you know, the metals are under pressure because of which our sales realizations have gone down quarter 2 compared to last year's second quarter by 6% on Pig Iron, 2% on Castings, and the bigger impact has been on tube by 12% and steel about 1%. Because of this, the growth in terms of value is lower than growth in terms of quantities. So even then, we have been able to overall record the small growth compared to the last year. up to 7%, and which, of course, is lower because of the value drop as well as because of the muted growth in steel and tubes.

In general, the market continues to be under pressure. And especially, I would say that a lot of margin pressure, the commodity, including iron and steel are under pressure, whereas we have been able to run all the manufacturing units well and improve on the quantities.

I think demand for KFIL product continues to be good, whether it is pig iron, whether it is casting, steel or tube. I think the margin pressure will continue for some more time because we have got some relief in the coal prices and we will get some more benefit going forward, because this quarter we will have the full benefit of coal price reduction because, typically, we carry 3-month stocks.

Whereas the iron ore prices locally continue to be holding on to the level of landed price of INR6,500 to INR7,000. We don't have any relief on the iron ore prices, whereas some relief coming out of the coal prices. Coming to the important projects, I think there have been delays because of the continued rains extending into be October. Our iron ore mines, which were supposed to become operational is slightly delayed. We expect that we should be able to close everything in November and start the operations.

Similarly, the solar power plant going to 70 megawatts got delayed because of the rains and we are quite hopeful that we should be able to complete everything before the end of the month. And we have another project pulverized coal injection with oxygen enrichment. That's also in the process of commissioning. And we believe that middle of November we should be able to commission and start getting the benefit of oxygen enrichment as well as increased coal injection.

I think these are the three important projects. In addition to that, Oliver Engineering, the foundry has been made already, but we have started taking the trial productions and sample submission to customers. In the meantime, we are also getting the purchase orders with the Oliver Engineering account, and we should be able to start commercial production shortly.

I think with this short note, I think I will stop here and allow the participants to ask questions so that I can cover more questions in the remaining 45 minutes to 50 minutes. 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 Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari: Sir, one if broadly you can talk about the demand scenario on ground. Last quarter call, we had mentioned that post-elections we were expecting some pickup. And we are seeing some of those in your numbers in your manufacturing, in your sales. But across segments, be it, pig iron, casting be it, tubes. If can talk about the demand on ground?

R.V. Gumaste: Okay. I think I just mentioned about the extended monsoon and the extended rains. Typically, we expect a good pickup in almost every sector after the rains. And this year, I would say that the demand cycle in terms of festival demand, I think, is a bit muted. And we are not totally disappointed, but I think some of the sectors like commercial, auto, still holding on, at least with our customers. Some corrections can be seen on the passenger commercial vehicles.

Tractor continues to do okay, but not really very strong right now. And typically, November, December are the months wherein demands are a little bit lower side with respect to tractors. But in general, I would say that the demand for casting continues to be reasonably good. And because of that, I think demand for pig iron is quite okay. But presently, I can say that the supply is stronger than the demand. And because of that, the margin pressure continues.

Whereas steel, I think, continues to be on the pressure and the prices have not picked up, and whereas the input cost pressures continue to be on the manufacturing margin pressures being continuing on -- continue to be under pressure. Whereas as you see most of our production numbers, sales numbers being on the growth path except tube and steel, I would say that the demand continues to be reasonably good, except the margin pressures.

Pratik Kothari: Right. And then, sir, on the tube side, the seamless tube side, anything specific because of profitability, I mean, for the last 2 quarters, 3 quarters is down substantially. So anything to call out there?

R.V. Gumaste: Actually, I will -- not get into more details on that. But to be very specific, I just mentioned that the pig iron overall, we have lost 6% in the realization, whereas casting 2%, whereas overall tube is 12%. Certain sectors in the tube, we have lost 20%. For example, the line pipes is under tremendous pressure because of the dumping from China. Some way or the other way, I think the dumping is happening below cost from Chinese. And we have been representing the government, but I think various different methods are used. And we are the victims of the dumping of the tubes and it happen in a big way. And it's a very bad effect on Indian tube manufacturing plants because we will not be able to compete with this.

We have already cut the 20% just to survive in the market to supply -- continue to supply the line pipes. I think that's a bad effect. But other than that, I would say that oil and gas or even projects continuing well. Demand is there, but dumping is affecting the Indian manufacturers.

Moderator: The next question is from the line of Manish Goyal from Thinqwise Wealth Managers. Please go ahead.

Manish Goyal: Sir, first on the casting side, I believe the growth in the volumes have been quite good after a very long time. Probably it would be highest quarterly volumes, if I am right? Sir, just want to -- probably if you can dwell more into -- you did mentioned that volumes are better across the board. But if you probably look at the tractor industry, which has been muted in Q2 as well, so is it that we have gained market share in -- from some of the customers? And probably -- or are we probably getting new customers not only in tractors, but other segments as well? So if you can give us a little more perspective on the castings business. What is the growth outlook?

And on the margins as well, because, sir, in the segmental, we are clubbing castings and pig iron, so we're probably not able to get a perspective onto the profitability of both the segments. So probably request you to, if you can probably going forward provide those numbers separately?

And on the casting itself sir, a couple of more questions, like what kind of volume we can expect from Oliver Engineering in the -- probably the second half? And what would be the overall casting volume in FY '25? We're planning to start phase 2 of Solapur foundry, so probably, I believe we should be having a fair degree of volume visibility from the customers. If you can probably share that?

And can you probably also give perspective on two part foundry, what is the status of the plant? And how do we see it going forward from the foundry? And sir, on the related segment, on the machining plant, in the presentation we have mentioned that we are creating more capacity. So how much of the volume, what we sell, is probably machined today? And what can we expect probably next couple of quarters? Thank you, so much.

R.V. Gumaste: Yes, I think a very exhaustive question, but let me try and answer. One thing is very clear, that as far as Kirloskar Ferrous Industries is concerned, we are focused on quality capacity creation. And the quality capacity creation is across the Board from medium-size castings to large-sized castings. And we are focused on customer requirements.

And as we are focused on customer and customer requirements, we are adding these capacities aligned to customer interest in our company and customers servicing and taking care of their requirements, and resolving their good-quality casting sourcing challenges. So definitely, it means that we are creating capacities.

New customers are added. And we are also developing the new components for the existing customers. With this, you'll find that our share of business in the market is picking up. We are increasing. And interest for our castings continued across both deemed export, real export, as well as the domestic requirement, from the tractor, auto, earth moving equipment, all sectors.

So we have, as you know, last month, we completed the revamping of the Oliver foundry. And we have started developing the castings. And we have started making trial production, and very shortly we will start ramping up the production and sales operations from Oliver. And given the opportunity and the requirement from our customers, very shortly we expect that we will have decent growth in volumes coming from Oliver.

In addition to decent volume growth coming from Line 2 in Solapur that was also your question. One of the customers we would be starting from January, bigger volume supplies two-forth. And we expect to take progress in indigenization of those blocks. And that happening I think it gives us very decent volumes. We have today just went to Solapur and came. We did the groundbreaking of Puja for the start of construction of two part foundry.

And it will take 15 months to complete the construction, erection and commissioning. And till that time, we continue to make large castings in small volume in the existing foundry. So with this, definitely, we are working towards achieving some substantial growth this year overall with the addition of Solapur Line 2 and also Oliver foundry.

And at least depending on customer needs and requirements, we are looking towards next year how to go very close to 200,000 casting production and sales.

Manish Goyal: Okay, sir. And on the machining side, sir?

R.V. Gumaste: Machine side, we are doing a lot of work. Still it is really not showing consolidated numbers and figures because of 2 things. One is we continue to grow in the casting. So you may find that I still continue to talk about 25% of the castings supplied to our customers because we continue to expand machining as well as casting production.

For example, recently, we have ordered about 32 HMC machines. And this year, I think we will overall add about 50 machines. And it amounts to close to investment of INR100 crores, and it is supposed to generate INR40 crores to INR50 crores of machining business. We are lagging on generating the business, but we are creating quality capacity.

I'm quite hopeful that the machining values will start picking up and will substantially contribute to our overall top line as well as the bottom line. And also it is the right direction to give customers machine castings with lower reduction figures, which is the given requirement of the customer.

But we will continue to grow. But we have not progressed much in giving the fully finished components, and that is the area we are working to improve. Thank you very much.

Manish Goyal: Okay, sir. Just one more question on power cost and related operations -- other operational efficiencies. Like we continue to see that like power cost inching up despite sir, we have started phase 2 of our waste recovery, waste power plant, as well as I think phase 1 of solar power plant is also operational. I believe that's 35-megawatt. So power cost still continues to inch up now at 9% of overall revenues. If you can share how do we see this going forward?

And on second, also like you did mention that there are certain operational efficiency projects have been delayed, like oxygen management and some other projects. So by when do you think that we should be able to see the improvement on the margin front from this project?

R.V. Gumaste: Thank you very much. I think sharp and focused question. I think you are touched my concern in the area as well. Some of them have been with the extended rains, with extended land acquisition challenges, and right-of-way challenges. I think they have been really patience testing the scenario. I think some light at the end of the tunnel.

I think entire team has promised me, and I think I'm quite hopeful that by end of this month we should would be solar, very close to 70-megawatt in place. So we start generating power, and PCI with oxygen engagement, again, this month itself. And I'm hopeful that even iron ore mining and iron ore supply also should happen in this month.

I think 3 big projects, really they should get completed and start adding values. Some of them already cost is in place, but not value addition and the benefits not in place. So I think we will complete, and from 70 megawatts solar to 100-megawatt solar, and some wind to the tune of 12 to 15 megawatts coming into place.

All these projects slightly also getting delayed. One of the aspects, we are cautious progressing people. And with that, I think we don't overstretch ourselves on leverage. And because of that also we keep adjusting the capex and progress. I think -- I feel that about 100 megawatts by the end of the year on solar about next year we'll begin the addition.

We will keep progressing on reducing the power and fuel costs, including other methods of fuel like going to pipe natural gas instead of LPG instead of -- so some progress is happening, I'm sure that 9% is the improved position further improvement will definitely happen over the next few quarters. Thank you very much.

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

Vipul Modi: Happy Diwali to you and the whole team at Kirloskar. Okay. Now my question is, there's carbon dioxide emission tax, which is proposed to be starting as soon as like 2026. And it's like going to create a lot of disruption in the market. So are we proactively looking at -- or is it possible to take advantage of it, like making a -- demerging the company -- demerging some of the units along with solar power into a separate wholly-owned subsidiary?

And making it compatible -- I mean, comparable to the solar the EU norms and taking advantage of the disruptions. Is it possible? Are we looking at it, something?

R.V. Gumaste: Surely, sir. I think we are working on the ESG front. I think we are keeping in mind April '26 change, what is going to come. We are working on our Jejuri steel making facility as well as all the plants in Maharashtra, which will start using more-and-more renewable power, whereas the Koppal in Karnataka will use more of waste heat recovery power. I think overall company level, we will have substantial progress on the carbon reduction. I think we will -- we are already working with our customers, with our consultants, to ensure that we make a substantial progress before April 2026.

Vipul Modi: Okay. And one more thing was like how about the steel alloy products? So are we looking to develop more products and looking to go deep into this sector?

R.V. Gumaste: We are first looking at steel and tubes. And subsequently, of course, we will get into castings and Pig Iron.

Vipul Modi: Casting, okay, So are we not looking...

R.V. Gumaste: Beginning would be from steel and the steel tubes.

Moderator: The next question is from the line of Heena Kumavat from Desai Haribhakti & Company.

Heena Kumavat: I just want to ask you in the Pig Iron as the margin pressure is so high and Pig Iron is also replaceable with the scrap, sir how are we moving ahead in this market and how we are planning ahead in this?

R.V. Gumaste: I couldn't hear your question very clearly. I just -- can you repeat quickly if it is possible?

Heena Kumavat: Yes. Pig Iron quantities increasing, but the margin pressures are so high on the Pig Iron. And just further, the Pig Iron is also replaceable material. So how we are moving forward for the Pig Iron market ahead?

R.V. Gumaste: Yes. Thank you very much. If you see for the Pig Iron, we have the 2-3 strategic approach: the short term, medium term and long term. If you ask me short term, you will find the volumes are growing. But if you see the medium term, volumes will drop, because we will take 1 of the blast furnace Pig Iron output into steel making, and subsequently, 1 more blast furnace could steel go into this spun pipe, if we get into spun pipe.

We have not yet decided, but there are possibilities. Logical conclusion or logical progress is taking the Pig Iron into value-added products and come out of this Pig Iron. But we will still have some Pig Iron, as we are foundry people. We know that the Pig Iron is very, very important, essential ingredient even though we can use 85% steel scrap, but we still need 15% to 25% Pig Iron to get the better properties of the casting.

So as the metallurgist, as a foundry man, I will always finish my heat with some quantity of Pig Iron added to get inoculation and property of the casting. I think from that angle, we want to continue to service Indian foundry industries, and we have dedicated customers. And we will continue to keep some quantity, but quantity growth will come down. But we will continue to play the role of supplying quality Pig Iron to foundries. But we will look at value-added products.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC Omkara Capital Capital.

Rakesh Roy: My first question is regarding, sir, what is the cost of iron ore in Q2 compared to Q1? And the same for coal Q2 or Q1?

R.V. Gumaste: Generally, I refrain from giving exact numbers. But I did mention, freshly have the graph in front of me that iron ore prices have been stable over the last 7 quarters, 8 quarters, at least 5 quarters, 6 quarters. And they went down a little bit came up. But for us in Koppal or Hospet this sector, the landed price of iron ore is about INR7,200 per ton. And it continues in that range for -- and it has not come down, though steel, iron and steel prices are under pressure, coal has come down, but iron ore has not come down because of the challenges related to supply and demand balancing in the sector.

Rakesh Roy: Okay. Sir, right now, sir, as you said, you will get a benefit of lower coal price, right? So, how much we are expecting in Q3 and Q4 from lower coal prices in terms of margin expansion, how much?

R.V. Gumaste: See, what I think, the time will tell because there are both the side pressures. The pig iron or the metal side pressures also continue to reduce the prices. So whereas we are working on how to retain the prices and how to cut down the manufacturing cost. But typically, I think I would say from quarter 2 to quarter 3, we should get a benefit of at least $20. And typically, overall, we consume like 1 ton of coal per ton of Pig Iron. So you can say that this $20 kind of benefit should come, but out of which, how much we pass on, how much we keep it is also a big question mark.

Rakesh Roy: Sir, last question, sir, as you mentioned, iron ore mining will be operational from November end?

R.V. Gumaste: I'm not saying November end, in the month of November. If you ask me, I'm pushing my people to start early. I don't want to lose the benefit of November also. So we were supposed to start in October, but the monsoon affected us very badly. But we will have some good mining as well as movements in November also, not November end, during November.

Moderator: The next question is from the line of Parag Sheth from Quest Investment .Please go ahead.

Parag Sheth: If you can update us, with this solar power commissioning in November, we'll have 70 megawatts, then what is the future plan additional till '26?

R.V. Gumaste: Yes. Thank you very much. We are quite hopeful that we should close this 70-megawatt in November itself or by the end of November in case of solar. And we are working with the agency whether this can be taken to 100 megawatts by end of 31 March 2025. And after that, we have to see how things are progressing and what steps we have to keep. But we have already taken steps to go partly wind power, 12 to 15 megawatts of power. And generation in case of wind are higher, it's equivalent of almost double the solar capacity. So that is one area we have taken already the steps.

And after that, we have a requirement to look at the progress made so far and what steps we take further for additional capacity increase in solar. We are looking at that. And once we have clarity, we will definitely come back to you.

Parag Sheth: So this 100 megawatts will be in the Jalna only, correct at one location?

R.V. Gumaste: Yes. And the next location also -- but everywhere, the challenges of land acquisition, projects getting delayed is what's making us to relook at our strategies. That's why I said that we'll come back once we have more clarity with the next power plant. Otherwise, we were supposed to get -- go ahead with the Beed. And we are working on that, but still we don't have the full required land in our possession. We have something but not fully required land for 70 megawatts in Beed.

Parag Sheth: Okay. And sir, any further capex are we planning? So what will be the total capex for this year and next year?

R.V. Gumaste: I think if we look at our cash generation and the loan servicing, we continue to have many ideas in terms of value-added products. So I would say that we will continue to invest at the rate of INR500 crores to INR600 crores per year. But more like INR500 crores per year. And all identified projects, you are aware of it, we are closing 2, 3 projects now related to PCI, related to solar first phase and iron ore mines.

But we have Oliver to be taken to full capacity, some machining expansion is there. I just mentioned that we did the Bhoomi Puja for large casting foundry that will take maybe about INR100 crores. Whether to invest in it, bring the quality, cost efficiency, improvement in Hiriyur that has a project requirement of INR100 crores.

But I would say that we'll continue to expect the rate of, say, about INR500 crores per year. And we also have the big project approval coming up very shortly on the steel plant, which is, of course, a 2-year project. That's about INR600 crores to INR800 crores of project. We are lined up for at least next 2 year projects, which have been already discussed, which are known to all of you.

Moderator: The next question is from the line of Deepak from Sundaram Mutual Fund. Please go ahead.

Deepak: Sir, my first question is regarding the power cost. If I look at your past few historical quarterly numbers, June Q1 FY '24, our power cost per tonnage was used to be around 7,100. And because of operational efficiencies, it came down around 6,500 as of Q1 FY '25. Now again, this quarter, it has jumped to around 6,700.

So with this 70-megawatt solar capacity coming up, can you please highlight on a per-ton basis how the power cost should look like on whatever production number which you are envisaging to do?

R.V. Gumaste: No, I think Srivatsan can help me to convert the power cost from percentage to rupees per ton, but we are at 9%. I think it's very important when we are talking about solar power plant, solar power generations are different in different seasons. And monsoon times, the efficiencies are low, and brighter in the summer times, so the efficiencies are better, generations are stronger. Whereas when we have wind, wind generations are better in monsoon and not so good in other months. But overall, it gets balanced.

And what we are looking at is, from the 9% level, how to bring it down to 5% to 6%. 3% is one-third of the present power cost. If they present INR6,600 we can look for improvement of INR2,200 per ton, on the per ton basis calculation.

And I think reaching the level of 6% from 9% is a big progress, and it's a big capex presurre as well as time-taking program. And we are committed to take it. And we are also exploring other revenues or other methods how we can bring the renewable energy into one is a total capex model, but any other model which can increase the pace of our progress, we'll be definitely looking at that as well, and try to break the power cost to more towards 6% than 9%.

Deepak: But sir, 6%, this target is for the next 1 to 2 years, right, not immediate?

R.V. Gumaste: What is happening is when we say immediate, these proceeds actually take time. When somebody comes and tell 6 months it end up with 1, 1.5 years. If you note our 70-megawatt solar power plant is almost 24 months to complete, and we are working with one of the very good companies.

And that is the matter of concern, as it relates into 2 - 3 aspects. One is land. Second is the right of way. And because of that issues, the project actual executions are getting delayed beyond the planned execution time line. But we have no choice, but we will continue to explore if somebody has the land, everything ready. So we'll try to take those projects forward. But we would like to work and at least come to a level of 6% within next 1 or 2 years.

Deepak: Okay. And sir, second question is on steel. So if I look at your realization, it's been very consistent around INR76,000 despite some weakness seen in the macro conditions. So do you expect this to continue? I mean, is there any possibility that this may even move higher in H2 as steel demand in the countries moves up?

R.V. Gumaste: The wish is always -- if you ask me, iron and steel, heat dust 24 hours working 24/7. I definitely wish that we deserve much higher, much better pricing, much better value addition. But unfortunately, I would say 2 things are affecting directly and indirectly. One is competition. Demand being lower than the supply position. Other one is some areas dumping happening in a variety of steels where we find it very difficult to compete.

Two aspects, basically, India continues to depend on cooking coal to be imported, and many plants being interior, not like sitting on the seashore, and iron ore prices in India, somebody mentioned that iron ore mining is going bad day-by-day because there have been auctions are coming competing and taking much higher percentages. That only ensures that the government will get more-and-more revenue. But iron ore prices will be higher. Steel and steel-related products will not become more competitive in India.

It's counterproductive to Indian steel industry, it's counterproductive to job creation in India. Hope that we all can really bring these points to the government and find a via media route how at least we get iron ore at reasonable price, because we have to import coal, and we should be able to, with this combination, manage to compete with the world steel pricing.

I think there is a steel challenge. I hope that we will be able to work on this and get some relief somewhere. But right now, no sight.

Moderator: The next question is from the line of with Vipul Modi, an Individual Investor. Please go ahead.

R.V. Gumaste: I don't know whether Mr. Modi is online. Can we go to the next question?

Moderator: Hello, Mr. Modi, can you hear me? If there is no response from the participants, we'll move to the next. The next question is from the line of Manish Goyal from Thinqwise Wealth Management. Please go ahead.

Manish Goyal: Any large orders from oil and gas sector? So if you -- and what probably we see from your presentation is that the revenue share from oil and gas has declined in the current quarter. So like if you can throw some light as to when do we expect the execution of this order to happen. And can this help improve the overall margin, sir?

R.V. Gumaste: Yes, surely, I think you have picked up the right question. I think I did mention that on merger, we were required to get the registration of Kirloskar Ferrous as the vendor, and after that, get all the orders converted from ISMT to Kirloskar Ferrous then only the invoicing started.

So this, in fact, had affected some of our sales and we could not really complete all the sales towards the month-end after getting the purchase orders. I think some sales are getting spilled over last month sales into this month. And I'm sure that it will reflect in the next quarter volumes.

Manish Goyal: And sir, like ideally, the line pipe what we sell, it should be, what, 14%, 15% of the volume contribution? Probably as I see it from your revenue breakup, it is probably the traded segment which shows 14%, 15%. So is it right way to look at it?

R.V. Gumaste: I will try to bring this on our website if it is possible. But right now, I don't have the numbers, though I have seen this in the presentation. But right now, I don't have the revenue breakup of the tubes coming from various sectors. But I agree with you that we have 15% to 20% coming from oil and gas.

Moderator: The next question is from the line of Sagar Parekh from One Up Financial.

Sagar Parekh: Just one question. Any update on the NSE listing?

R.V. Gumaste: Update on…?

Sagar Parekh: NSE listing?

R.V. Gumaste: Question for Srivatsan, please. Go ahead, Srivatsan.

R. S. Srivatsan: Yes. We started working on that. And since just we completed the listing of ISMT shares converted into KFIL, now we are starting that.

R.V. Gumaste: Yes. As early as possible, I think that's one pending. We were waiting for the merger. Merger is done, then we shift. But also we will start the process quickly so that long pending requirement and demand from all of you gets closed. Thank you so much for reminding us.

Sagar Parekh: And just -- sorry, just one more question on the iron ore. So out of the 2 mines, 1 will be operational, right? Or both the mines...

R.V. Gumaste: Only one. The other one is gone, because of the area declared as wildlife sanctuary, wildlife forest area. So it's Kirloskar Bharat Mines, which is starting in this month. And as we start, we will definitely publish and communicate.

Sagar Parekh: In terms of volumes, how much would it contribute?

R.V. Gumaste: Sir, we are looking at first year mining around 2 lakh tons. And subsequently, the permission is for 1,20,000 tons. And whether we can get it enhanced and whether we can manage more volume, I think that's for the future. But right now, I think we have an opportunity to do about 2,20,000 tons immediately.

Sagar Parekh: 2,20,000 tons, okay, for the full year?

R.V. Gumaste: Yes.

Moderator: The next question is from the line of Prolin Bharat Naidu from Edelweiss Public.

Prolin Bharat Naidu: My first question is on the Pig iron side, right? You mentioned in your opening comment that supply still dominates the demand, right? So you have seen the cycles throughout the years, right? How do you see the volumes coming -- hello?

R.V. Gumaste: Basically, thank you very much for this question. Typically, I'm quite optimistic. And I have seen the prices going up and down. But it also depends on who are the steel players who are entering for short period and it becomes a byproduct for them and then keep pressure on the supply side. But otherwise, I would say that as steel activity picks up, construction activity picks up, the Pig iron should pick up. But I would say that there's a more overdue delay in that pickup right now.

Prolin Bharat Naidu: Sure, sir. Sir, now on your casting side, can you help me understand what is the current capacity utilization in our -- for our casting? And if I look at your number of customers, right, which you highlight in your presentation, that has been stuck at 26 number, right, since FY '22 onwards, right? Now you also talked about in -- sometime in January, a new customer is going to get onboard and that can take significant capacity and it's the volume customers.

So can you just help us understand what is the capacity utilization? Why is it taking time to onboard some of the new customers? And once this January, if this customer is coming onboard, how much capacity utilization can go up by, let's say, in Q1 of FY '26?

R.V. Gumaste: Sir, basically, you can say that we have not yet created the full foundry capacity in Oliver. Once we complete, there is one more step-up expansion in core shop. Five foundries, you can -- we can expect production and sale of 2,50,000 tons. And on average 50,000 tons each, that's the kind of utilization we have the capability to ramp up.

And as you know, our current run rate is more like 1,50,000 per annum run rate, so we have done very close to 40,000, which is like 1,50,000. So we will have to enhance our run rate. And typically, casting business being the hardcore manufacturing, this additional 1 lakh, if we are able to somewhere make 20,000 to 25,000 volume increase per year, we can reach 2,50,000 in next 3 to 4 years' time.

Around 20,000 increase from the current levels each year is a very decent volume increase. And that's what we are looking from whatever 20, 22 or 24 customers. And we are regularly adding customers, and more so, we are adding more components on the existing customers.

So there is interest. There is demand. We are working hard on not only working with, engaging with the customers, but we are also working hard on new product development and making use of technology, and meeting the customer requirements. And I'm quite hopeful that we should be able to take it to 0.25 million tons between next 3 to 4 years' time.

Moderator: We will take this as the last question. I would now like to hand the conference over to Mr. Gumaste for closing comments. Over to you, sir.

R.V. Gumaste: Thank you very much for joining this conference call. I think it's always a great learning experience with very sharp and focused questions coming from all the participants and it also gives us tremendous confidence of investors' confidence in KFIL, and we look forward to working with all of you and all the best. Once again, thank you for joining. Over to Pallav.

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