



“Kirloskar Ferrous Industries Limited  
Q3 & FY '26 Results Conference Call”  
11 February 2026



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

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

**Moderator:** Ladies and gentlemen, good day, and welcome to Kirloskar Ferrous Industries Limited Q3 and FY '26 Analyst Call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 Limited. Thank you, and over to you, sir.

**Pallav Agarwal:** Yes. Thank you, Danish, and good afternoon, everybody. Welcome to the Kirloskar Ferrous Industries Limited Third Quarter Results Call. So we have the senior management of the company represented by: Mr. R.V. Gumaste, the Managing Director; and Mr. R.S. Srivatsan, the ED, Finance and the CFO. So I would now like to hand over the call to Mr. Gumaste for his opening remarks. Over to you, sir.

**R. V. Gumaste:** Yes. Thank you, Pallav. Thank you very much. And let me, first of all, welcome everyone on the call for Kirloskar Ferrous Industries Limited Q3, results call. Let me start with some production details. We produced 21% more pig iron in Koppal unit and overall flat kind of thing because we didn't run Hiriyur plant for most of the quarter.

We are now geared up with higher quantity of production from blast furnace 1 and 2, and we have capability to produce up to 46,000 tons, 47,000 tons per month from blast furnace 1 and 2. And of course, Hiriyur is at about 14,000 metric tons to 15,000 metric tons per month. So the ability to produce high quantity is almost in place.

At the same time, I would like to say that the pig iron plant is running well with respect to all aspects, except definitely continued pressure on margins in pig iron. Some light at the end of tunnel; from January, there are price increases which have come into pig iron market. Northern India, almost like INR 4,000 per ton of pig iron, which is like around 10%. But other areas, especially South and West, slightly less, but there has been an increase in the pig iron prices, which should support us in improving the margins.

Casting production was 39,000 against 35,500, which is about 10% increase in the production. Tube, Ahmednagar, there is an increase of 11% and Baramati we have gone down because of the planned shutdown, which was taken during the quarter, slightly extended to upgrade one of the heating furnaces.

Coming to the sales figures. So, we have almost flattish kind of quantity. We have 2% growth on the sales quantity cumulatively year-to-date from 3,76,000 to ,385,000, which is 2% increase, whereas the pig iron prices have come down by 9% compared to last year, resulting into value turnover coming down by 7%.

In case of castings, there is a growth of 5% in the last 9 months from 1 lakh metric ton per annum to 105,000 metric ton per annum. In addition to this, we also have the production and sales of Oliver, which is not part of this figures, which is the Punjab Foundry. With respect to tubes, the last 9 months figure, if you look at Ahmednagar's total tube sales has gone up from 117,000 metric tons to 137,000 metric tons, which is a growth of 17% overall.

And in steel, we have sold 60,000 tons from 52,000 tons, a growth of 16%. In case of casting, we have a sales realization dropping marginally, but not a big way. So we get the benefit of volumetric growth directly. In case of tubes, sales realization have substantially gone down, especially in Baramati as much as 16%. Overall, in tubes, about 11% is the drop in the prices. With this, in terms of value, tube sales growth is 5%, whereas steel sales growth is 10%, whereas tube sales is 5%.

We have progressed well in terms of green power. We have as you know, we have commissioned about a year back 70 Megawatt solar power plant. We have the full benefit coming from that. In addition to that, we are already executing another 70 Megawatt of solar power plant.

In addition to that, we are also pursuing 25 megawatts or 12 machines of 2.1 megawatt each for the wind power. So all this, we expect it to get commissioned in quarter 2 of next year and bringing additional effectively 130 megawatts so that we can reach effectively close to 200-megawatt solar equivalent.

Demand for casting continues to be very strong from all the sectors, tractors, automotive, commercial vehicles as well as the earthmoving equipment. We are working on improving the production and sales. And we expect the volume to grow in casting across all the segments.

With respect to tube business, I would like to add one small point here that we will be taking up the deliveries of high-volume customer tubes and some additional benefit should come in the quarter 4. Also, we expect the margin improvement benefit should come in quarter 4 in the pig iron business.

We continue to be committed to all the projects which have been lined up, and we are continuing with our journey to invest on key projects. And there is no change in our stance. We will take up all those projects as per the timeline in coming quarters.

With this brief introduction, I would request the start of Q&A, and we'll be happy to take up the questions. Thank you very much.

**Moderator:**

Our first question comes from the line of Digant Haria from GreenEdge Wealth Management.

**Digant Haria:** Sir, two questions. One is, see pig iron prices were very low and that led to lower margins that we understand. But shouldn't the casting division and the tube division at least get some benefit because we sell a lot of our pig iron to these two divisions also. So, any color you can give here on at what price do we sell it to them? And do they benefit when pig iron prices are low and now pig iron prices are up, so will they face some margin pressure, sir?

**R. V. Gumaste:** Yes. Thank you very much. As you know, most of the casting customers, we have entered into price variance mechanism. If the commodity prices go up, we get the increase in the casting prices. Commodity goes down, we have to pass on the benefit to customers. So we won't get directly too much benefit, but we have to pass it on to customers.

And as you see, even though there was a big drop in both pig iron prices and steel scrap prices, our casting prices have not come down that much, very marginal or rather we have maintained the casting prices. That is because of the product mix. We have been able to develop high-priced castings, critical castings, and we have started the delivery of those. And hence, we have managed the sales realization.

**Digant Haria:** Right. Okay. Okay, sir. Sir, and second question in on the castings, division that we are seeing the strongest trends possible in tractors and CVs and all our underlying industry. So where do you expect -- like, can we reach 50,000 tons next quarter? Or is that number at least a year away? If you can give just some color because we are hoping that castings division would scale up even more this quarter, in the Q3 itself. So just any thoughts here, sir?

**R. V. Gumaste:** See, the addition to sales quantity comes from two, increasing the productivity and getting higher volumes in the existing foundries. The provision of increasing the sales in Koppal foundry is very marginal. Maybe we can get another 5,000 increase there per annum, which is 400 tons per month.

Whereas, as you know, Solapur, we have added the second foundry line, and we have to increase and improve the capacity utilization in Solapur, which has still enough capacity. We expect to produce and sell around 50,000 tons, but it can go up to 70,000 tons. So I don't think it will happen in 1 year, but definitely, it should happen. We are working for that to reach those levels in 2 years. So I can expect about 800 tons to 1,000 tons per month increase in Solapur in coming quarters.

Another thing is by end of this year, we are looking forward to merge the Punjab foundry into KFIL, Oliver into KFIL, and we are in the process to merge it. That foundry this year will produce and sell close to 15,000 tons, and that is not reflecting here. If I take that, our growth in the casting business is 15% to 16%.

Our growth in the tube business is also 15%. Our growth in the steel sales would be more than 15%. Where we are not achieving volumetric growth or only 2% so far is in the pig iron, which I expect last quarter, it will improve, and it should also be having 4% to 5% decent growth in the volume.

And in terms of sales in crores, depends on the price, pig iron price increase should help us in improving casting and tube prices. Thank you.

**Moderator:** Our next question comes from the line of Aashav Patel from Molecule Venture PMS.

**Aashav Patel:** So, sir, my primary question is we have somehow not able to deliver on our volume guidance, especially in casting segments despite having additional expanded capacity, we are still stuck at 35,000 metric ton of quarterly run rate. And whatever we have in the past guided that has not been able to achieve.

So, I'm just -- I just fail to understand when the industry is doing so well; the tractor industry has been doing good for last 5 quarters, casting for last 2 quarters. What exactly is the bottleneck which we are facing instead of generalized reason, if you can give specifics that would be really appreciated.

Why we are not able to scale. because at the time of initiating the expansion, what we communicated to the shareholders were that the orders are already in hand and the expansion should be very fast.

**R. V. Gumaste:** Thank you very much, Aashav. I think 2 things are very important is the capacity utilization in Solapur to increase. It has improved, but not to the satisfaction of us. It is related to new product development and ramp-up of newly developed castings. I think, we have now come up to effectively about 1,200 tons from the new foundry, whereas we have to go up to 3,000 tons. So that is the gap about 2,000 tons per month coming out of Solapur.

Our take on Solapur going up is they will keep expanding about 10,000 tons per year. So currently, this year, they are at 4,200 tons average. We expect that they will go to next year 5,200 tons and next to next year about 6,200 tons. More than that, when we are trying to ramp up, we are not in a position because it has a complex new product development and ramp-up aspects. This is on the Solapur.

Addition to this, we were about to also to bring in Oliver or Punjab Foundry. We have -- as I mentioned, in the very first year of operation, we will be having sales very close to 15,000 metric ton per annum.

**Aashav Patel:** So this for FY '26, the ongoing year or the next year?

**R. V. Gumaste:** Ongoing year. Ongoing year.

**Aashav Patel:** So far how much we have done, sir, out of those 15,000 expected, sir?

**R. V. Gumaste:** Srivatsan, you have that number so far, how much has happened production sales in Oliver?

**R. S. Srivatsan:** Maybe another 2 minutes, I'll tell you, sir.

- R. V. Gumaste:** Okay. We'll give, sir, but it is in line with going to 15,000 by the end of the year. Maybe it is very close to 11,000 tons.
- Aashav Patel:** And next quarter, sir, how much do you expect this 35,000 ongoing run rate to move to for the stand-alone entity?
- R. V. Gumaste:** No. As I told you, we should expect including Oliver, we are at around 14,000 -- 14,500 currently.
- Aashav Patel:** No, I did not understand this figure, sir. What is this figure...
- R. V. Gumaste:** See, production and sales, we have reached a run rate of 14,500 tons per month. The numbers you are saying is without Punjab Foundry. With Punjab Foundry, and once we have the merged entity, we can expect 45,000 tons per quarter.
- Aashav Patel:** Okay. Okay.. And regarding the pig iron segment, I understand that we are part and parcel of the broader commodity cycle. So the realizations have been under a lot of pressure for last 2 years now. Spreads have been reducing. But given that we sell in spot most part of our quantity -- volumes, and spot pig iron realization even for foundry grades are now at almost a yearly highs. So when do you expect the benefit of realization to kick in to be reflected in the numbers? Whether it would be Q4 itself or it would be a quarter after that?
- R. V. Gumaste:** No, it should reflect definitely in quarter 4. See, we don't have rate contracts long term. As you mentioned, it is spot. Whatever is the price increase, see, expect I can say that typically 15 days. Our order bookings are for dispatch in next 2 weeks. Other than that, we should get the benefit.
- Aashav Patel:** So based on reported numbers, you feel that quarter 3 was already the bottom for the pig iron, given that the prices have now meaningfully revised upward and hope we it continues that way?
- R. V. Gumaste:** Yes, hope. You cannot go saying, management you've told me. See, I've been talking about it has bottomed out for so many quarters and the bottom was not to be seen. Hopefully, with the upcycle coming in, I can say that bottom is over.
- Aashav Patel:** But with regards to coking coal prices, even that has been increasing, right? So don't you feel a large part of spread increase due to realization would be eaten away by coking coal increase?
- R. V. Gumaste:** I only say that at least for a short period, we should enjoy that, because I have a coverage of coking coal for 3, 4 months.
- Aashav Patel:** Okay, okay. Got it.
- R. V. Gumaste:** Let us see what happens. See, it's very important. These are not straightforward straight lines. one is, I've covered for 3, 4 months. Another is why did the coal prices go? one of the reasons everyone talked about was went up because of the flooding rains in Australia. I expect that by February, it should be all over, summer gets over.

And from March, whether the coking coal prices will come down. I can always wait up to March to source my coal. So let us see how it goes. But right now, I would say that we have some improvement in the pig iron prices, and we have covered with the coking coal required up to maybe for the next 4 months from January.

**Aashav Patel:** Got it, sir. Sir, last question from my side. my question is to CFO sir, where do we see the Oliver foundry performance in our reported numbers? As you rightly mentioned, it is not yet consolidated, and that is why you are not reporting even the volume numbers on the PPT. But where do we see the improvement in our financials exactly from that?

**R. S. Srivatsan:** No. Sir, as of now, it is 100% subsidiary. As such, since it is not listed, the numbers are not coming.

**Aashav Patel:** Financial numbers would be reflected, right, if it is 100% subsidiary?

**R. V. Gumaste:** Correct, correct.

**R. S. Srivatsan:** It is in the written -- consolidated, you can see.

**R. V. Gumaste:** Yes, yes.

**Aashav Patel:** Yes, yes. That is my question. The consolidated numbers, we can see the contribution of Oliver also, right?

**R. S. Srivatsan:** Yes, yes.

**R. V. Gumaste:** Yes, yes.

**Aashav Patel:** Okay. And sir, why was our pig iron plant shut down for like almost 40, 50 days? Because no shutdown was expected at least in FY '26 and '27 after multiple round of shutdowns for the last few years.

**R. V. Gumaste:** See, we started with maintenance activity, which was required, but extended because of the bad market conditions. So there's no point in running the plant if there is negative contribution.

**Aashav Patel:** Okay. Fair enough. Fair enough. Absolutely. Agreed. And sir, in tubes division.

**Moderator:** Mr. Patel, I'm really sorry to interrupt you, but you may please rejoin the queue. Our next question comes from the line of Manish Goyal from ThinQwise Wealth Managers LLP.

**Manish Goyal:** A couple of questions, sir. Just continuing on the casting volumes, sir, what we see sequentially, the volumes are down 4 %. A bit curious to know like despite tractors and CV industry doing so well, why is it that our casting volumes are down? In fact, if I look at your sales breakup of the castings, the revenue from CV has declined Y-o-Y as well as quarter-on-quarter.

So that was the first question, sir, if you can highlight on that? And second is on the Oliver volumes, how much were the Oliver volumes in the quarter 3 and in 9 months? That was the first set of questions, sir.

**R. V. Gumaste:** Yes. I think sequentially, there could be some small issues relating to many aspects because it's 35,255 metric tons versus quarter 2 of 36,650 tons. What we are looking at is against last year's, 130,000, we should be going up very substantially and which I say that it should be around 15% to 16% growth, including the Punjab foundry. And subsequently, then we look forward at least going to 185,000, 190,000 tons next year.

**Manish Goyal:** Okay. Okay, sir. Mr. Srivatsan, if you can give us the Oliver numbers for the quarter 3, what was the volume and for 9 months?

**R. S. Srivatsan:** I'll check and say that, okay?

**Manish Goyal:** Sure, sir. And sir, what would be our production loss due to Baramati planned shutdown for the tubes, sir, because tubes volumes are also down this quarter basically sequentially. So what could be the impact because of that, number one?

And number two, the large order what we are expecting in Q4, is it pertaining to the order which we had received from ONGC a couple of quarters back? So what could be the value of that order, sir? These are the 2 questions...

**R. V. Gumaste:** First of all, the large volume is ONGC, I agree with you. And see, these are heavy tubes, and we will get both volumetric as well as the business in terms of value also it comes into the growth. I don't have the relevant data to say exactly how much it comes, but we have a good lineup for this quarter sales in oil and gas sector.

**Manish Goyal:** Sure, sir. And on the export side, what kind of better realization we have in the tubes, sir? Because exports is roughly 10% value in the tubes, so.

**R. V. Gumaste:** I don't have exact margin difference, but it's a good business, and we are -- this year, at least we have grown in that. And this is in spite of a 50% duty.

**Manish Goyal:** Sure, sir. And sir, on pig iron, you mentioned that there has been INR 4,000 increase in the North India and not equivalent increase in South and West market. So this we are talking for the foundry grade, sir ?

**R. V. Gumaste:** No. See, this North, it's a combination of foundry grade as well as basic grade. And I would say across all grades, increase is across all grades. And South as the prices were slightly higher than North. So increase is not INR 4,000, maybe it is around INR3,000 per ton in the South and West. Maybe West will also come to INR4,000 increase.

- Manish Goyal:** Right, sir. So sir, now with rupee depreciation, have we also seen the scrap prices going up, which are probably supporting the price increase in pig iron? And how should we understand that, like in terms of sustainability of this? And will imports of pig iron also decline because of this? Just want to understand that overall demand/supply, how should we look at it like, which was probably a mismatch sometime back -- for last couple of years?
- R. V. Gumaste:** No, it's a very long overdue. Many countries, including European countries were supposed to discourage export of scrap and they were supposed to encourage local consumption, reduce the emissions. it's logical expectation is that import of steel scrap should become costly day by day. And India imports 10 million tons -- close to 10 million tons of steel scrap and India generates 30 million tons of steel scrap.
- We expect both domestic as well as the imported steel scrap should go up. But if you look at last couple of years, they have not gone up as much as we expect them to go up in spite of rupee depreciation. So I'm still hopeful that the scrap prices will pick up and it should support pig iron.
- And in India also, there has been a movement which has taken good shape recently is that even the steel makers who want to produce steel with induction furnace, with arc furnace, they want to consume more and more steel scrap. Even large steel plants have taken the drive to consume more scrap, bring recycling and improve their commitment and performance to reducing the CO2 emission. So I expect coming quarters, steel scrap should pick up, and it has truly not reflected, that is the matter of concern, but we are still looking forward steel scrap prices to pick up, which should support pig iron.
- Manish Goyal:** Sure, sir. And sir, one clarification on the Solapur new foundry. What is the current production? And you did mention, I missed on that. And how should we look at it, sir?
- R. V. Gumaste:** See, I just mentioned that we can expect 4,200 tons on an average sales per month for this current year, and we are trying to take this to average 5,200 tons sales per month for the next financial year, which will give us a 12,000 ton increase over the 50,000 tons, which is more than 20% growth in volume.
- I know it should have happened earlier, but it has not happened. But we are, I think, reasonably confident that we should go to 60,000 volume from Solapur next year, keeping Koppal around 105,000, 108,000 kind of thing. And if Punjab foundry brings in another 24,000 tons, you can make the total. I think we'll go very close to 2 lakh tons, maybe around 190,000.
- Manish Goyal:** Right, sir. And sir, last question on our 2-part foundry, how is the progress? When can we expect to start?
- R. V. Gumaste:** July commissioning is still possible. I look forward to that.
- Moderator:** Our next question comes from the line of Mahesh Bendre from LIC Mutual Fund.

- Mahesh Bendre:** So sir, India's largest CV manufacturer on the call said that given the strong demand uptrend they have seen in the CV market, there are shortages in the some of the components, including casting. So this is what we all heard from the largest manufacturer of CV in India. So sir, apart from the volume growth, do you see any change in the pricing in the upcoming quarters for us?
- R. V. Gumaste:** No, I think casting manufacturers should definitely get benefited with the demand increase. But unlike pig iron, casting pricing is a long-term fixation and also some linkage to the raw material linkage. So a bit difficult, but one should try and get some benefit on casting prices.
- Mahesh Bendre:** Because even if you don't get.
- R. V. Gumaste:** See, that it doesn't go like pig iron. We can't increase prices. It's a long-term manage. We develop the parts for long term and any change in the pricing has to be negotiated and settled.
- Mahesh Bendre:** No. I mean, in foundry business operating leverage is very important. So if the volume picks up, the margin should improve. I mean, this has been the past.
- R. V. Gumaste:** I think, it will benefit a little bit because capacity utilization improves, then margin should improve. But contribution or gross margin is proportional directly proportional to the volumes. So there will be definitely profit in capacity utilization. And also any price correction, it is a little bit long-term fight, we should try and achieve it.
- Moderator:** Our next question comes from the line of Sahil Sanghvi from Monarch Networth Capital.
- Sahil Sanghvi:** Sir, just wanted to clarify the pig iron production capacity now. So you said that 47 kilotons each blast furnace at Koppal and roughly 45 kilotons at Hiriyur,
- R. V. Gumaste:** No, no, no. Hiriyur this 47,000 is per month, not quarter.
- Sahil Sanghvi:** So sir, what should be the annual capacity of pig iron now?
- R. V. Gumaste:** Annual capacity, let me come back to you. I think 7.2.
- Sahil Sanghvi:** 7.2, which could be operated optimally at what, 85%, 90%?
- R. V. Gumaste:** See, let me have to do some calculation for you quickly because.
- Sahil Sanghvi:** But sir, we will look for some volume growth next year, right, on pig iron. That's the main question over here.
- R. V. Gumaste:** 1 minute. 720,000 -- yes, I think this is 7 lakh tons out of 720,000 is achievable realistically.
- Sahil Sanghvi:** Right, sir. Right, sir. Because sir, this year, we might close something near to 520,000, 550,000 but do you expect that to go to?

- R. V. Gumaste:** No, you have to see 2 things. One is production and internal consumption and external sales. I think difference is coming because of that. About 1 lakh ton we consume internally.
- Sahil Sanghvi:** Right, sir. Right, sir.
- R. V. Gumaste:** Maybe 90,000 to 1 lakh.
- Sahil Sanghvi:** Right, sir, casting and Jejuri, right? So then we Jejuri yes.
- R. V. Gumaste:** Even that has some scope of growth?
- Sahil Sanghvi:** Yes, we have some scope for growth next year, sir?
- R. V. Gumaste:** In pig iron?
- Sahil Sanghvi:** Yes, yes, yes.
- R. V. Gumaste:** Yes, yes. Definitely, we have. We want to even upgrade Hiriyur pig iron blast furnace, and we can expect something like it another 50,000 to 60,000 no, we can upgrade it to almost 9 lakh tons. Hot metal, not pig iron, not sales. We can upgrade together to go to 9 lakh tons. We plan to do it.
- See, margin -- low margins, margin pressure discourage us to do something. So some light should be there. So I think we have a long-term commitment in terms of producing more hot metal, converting some part of it to steel so that pressure of pig iron sales comes down, and we make some reasonable margins, both in pig iron and better in steel. But 9 lakh ton hot metal is possible, yes. We plan to do it.
- Sahil Sanghvi:** Right, sir. So the Hiriyur I mean, project should we will take it in next year, FY '27?
- R. V. Gumaste:** See, we have so many projects which give so many benefits. So we have no choice but to prioritize, whether it is steel project, whether it is solar and wind project, whether it is casting capacity enhancement project. So I think some prioritization will happen, but upgrade could be next year or next to next year. All are important, everything is required to be done.
- Sahil Sanghvi:** Right, sir, right. Sir, my second question is, if you can help us with the status of the steel plant, sir, at Koppal. Where are we? What is the progress over there?
- R. V. Gumaste:** Everything is ready. We have to sign off and order the equipment. So I think before end of this 31st March, we will take that step so that 2 years, we should commission steel plant.
- Sahil Sanghvi:** Right, sir. Right. And lastly, sir, would you be able to give a number to the EBITDA per ton we are doing right now in pig iron? I mean, are we even making INR1,000 on EBITDA? Or is it even lower in Q3?
- R. V. Gumaste:** No, I think. No, no. I think we are doing very close to 9 % EBITDA. One second. I don't know, Srivatsan, can you add? I think we are around 9 % to 10 % EBITDA in pig iron.

- Sahil Sanghvi:** Before the pre-price hikes, I mean, before the price hikes, or is it?
- R. V. Gumaste:** I think -- 1 minute. Give me a minute. Let's go ahead with the next question. Before close, I'll give you the numbers.
- Moderator:** Our next question comes from the line of Amar Ahir from Raedan Capital.
- Amar Ahir:** Can you tell me about color on the utilizations you have done in this quarter?
- R. V. Gumaste:** Can you just repeat and clearly, I missed.
- Amar Ahir:** Yes. Yes. Can you help me with the utilizations you have done in this quarter?
- R. V. Gumaste:** Capacity utilizations?
- Amar Ahir:** Yes, utilizations.
- R. V. Gumaste:** See, pig iron is above 100 and casting remains only Koppal and Solapur from the achievable level 68 % is Solapur, 93% is Koppal. and Ahmednagar 69%; Baramati 49%; Jejuri 68%. These are the capacity utilizations. We have potential across many plants to increase output.
- Moderator:** Our next question comes from the line of Bharat Sheth from Quest Investment Advisors.
- Bharat Sheth:** I just want to get a sense that how much of increase we have seen in the deemed exports this year over last previous year? Or was it some flat or decline? Because of that our volume, some kind of softness we are seeing?
- R. V. Gumaste:** No, we are not seeing any softness. Our exports deemed exports to both the customers continues normal, and they remain top 2 customers. And no change in the deemed export. Slight increase, not big increase.
- Bharat Sheth:** Okay. Sir, second thing you said on the Solapur, the problem was, I mean, a new development product because which is very complex and it is taking time. So how should we read what is that this product is for which kind of, I mean, ultimately is it for earthmoving or we were also looking for a commenced order. So if you can give a little more color?
- R. V. Gumaste:** See, what it should be read is if the new foundry is simple casting like housing in Oliver, from 0, we can go to full volume in 2 to 3 years. In case of more complex cylinder heads, cylinder blocks, that too auto block auto heads, etcetera, we should take it that it takes ramp-up would be 15 % per year. So full capacity can be reached only in 5 years, not in 2 or 3 years.
- Bharat Sheth:** So is that a fair understanding because of I mean, you said that it is checking so I mean, rejection rate in initial time is a little higher. So that is also affecting some extent our margin?

**R. V. Gumaste:** See, getting into quality rejection issue has nothing to do with only commissioning. Sometimes we do get into some of the new product not performing as per expected thing. But you are true that when we start the foundry and we start capacity utilization in foundries, a lot of testing development is involved, and we are likely to face challenges and problem in the beginning.

But we have to manage everything and then progress. So we look forward that from 160,000 -- 163,000, something like that, those number, including Punjab Foundry, we should go to very close to 190,000 next year. Of course, performance with respect to productivity and quality has to be kept intact to move forward.

**Bharat Sheth:** But we were looking for more than 2 lakh tons for tube in '27. So looking at current demand and supply scenario, so are we on track or there could be some delay over there?

**R. V. Gumaste:** No, I think tube, we are more or less on track. If at all, any off track is only in the steel because our manufacturing cost being high and our mindset not to sell at low prices, why sell without contribution. But tube, I think we are progressing well, including Baramati and Ahmednagar. We should be very close to 2 lakh tons this year and do maybe 10 % more in the next year.

And we expect that current installed whatever equipment are there, we should be able to go up to 2,30,000. And we are planning for an expander mill so that beyond 230,000, we get the benefit of the new mill and not existing mill.

**Moderator:** Our next question comes from the line of Deepak from Sundaram Mutual Fund.

**Deepak:** Sir, my first question is on seamless tube. So sir, this quarter, we saw a dip of 20 % Q-o-Q. So is it completely attributable to delay in dispatches of that ONGC order? Or is there any other reasons also?

**R. V. Gumaste:** I mentioned about the upgrading of one of the furnace, heating furnace. But if you look at tube production, it is compared to last year third quarter, it's down by about 7,000 tons, less than 7,000 around 6,500 tons. But it's not because of lack of orders. I think, we have to do some maintenance or for the long-term benefit. And we have to recover.

We have 1 quarter, whatever best possible we'll have to recover. And we are currently at the tube sales volume, we are at 137,000. And we have a big task, and we look forward to cover it as much as possible in the last quarter. So I think still we have an opportunity to get the growth, yes.

**Deepak:** Okay. Sir, let's say, if you completely exhaust your ONGC order, which you have won, let's say, in volume terms, sir, how much can that contribute?

**R. V. Gumaste:** I think I cannot exhaust and finish in this quarter. It will go to next quarter also.

**Deepak:** Okay. So I'm asking for the complete order, let's say, if you execute that whole order, what kind of volume?

- R. V. Gumaste:** I don't have that much detail in this call.
- Deepak:** Okay. And sir, one question on your cost reduction plans with respect to solar and wind. So as per your presentation, 1 solar power is about to get commissioned in Q4, right? And then there is 1 wind mill Phase 1 again in Q4. But earlier in the call, you highlighted that most of the commissioning will happen in Q2 of FY '27. So just wanted some clarification that what kind of capacity is coming in which quarter for you to completely achieve that 130-megawatt incremental green power?
- R. V. Gumaste:** See, we have ordered 25 megawatts of wind. And we have ordered 70 megawatts of solar. And all these have some of the other challenges relating to land. I would say that as on date, none of this has got commissioned. And this commissioning process will start from April onwards.
- And my understanding today is that between April to September, everything will get commissioned because especially most of the land requirement in solar is in position. And windmills identification, location, all is in position. I expect everything should get commissioned on or before September, as told earlier of this year. The whole thing, 70 plus 25.
- Deepak:** Okay. 70 plus 25.
- R. V. Gumaste:** Yes.
- Deepak:** Okay. And sir, one final question on castings. It has been asked by previous participants also, and you also said that due to some new product development and complexity of those new products, there has been slowness in the ramp-up.
- But sir, given that our existing customer also would have given you more volumes, right, since the industry is doing very well in terms of CV, especially in terms of tractor. So let's say, even at the existing facility of Solapur, which was running at a low capacity utilization, we are still not able to ramp it up, let's say, on the existing models or existing products rather than the new development of products.
- So would it be fair to assume there could be some market share loss to any other participants or player in the market? I mean, I would it be possible in certain SKUs that we must have lost some market share?
- R. V. Gumaste:** I think, I don't think loss of market share, sir. It's basically, I would say that we have been the single source in almost 80% of our customers casting what we develop. But we have an opportunity to increase into new businesses, new orders. And that is the area where I would say that it is from Solapur second line, where we have been facing some challenges in not able to ramp up.
- Some results have come in, and that's why I have been able to give some more specific number that we should go to 52,000 in this year and look forward to no, 50,000 this year and looking forward to 62,000 next year. It's not possible without resolving some issues. I think we will resolve that and move to higher volumes next year.

- Deepak:** Okay. Sir, if I can squeeze in one more. Sir, any ballpark number on the other side of the business apart from casting, like what kind of external sales volume are we looking at from tube, steel and let's say, pig iron?
- R. V. Gumaste:** No. We are talking about one is increasing the steel sales next year. Hopefully, I think it's a long pending demand that we sell at least 120,000 tons of steel. And we talked about 220,000 tons of tube from maybe 190,000 tons, 195,000 tons this year. And casting sales, I just mentioned about 190,000 tons. And I think pig iron should remain around very close to 6 lakh tons.
- Deepak:** Okay. So this 6 lakh tons is external sales, right, when excluding internal consumption ?
- R. V. Gumaste:** No, no. Not exactly 6 lakh, I have not done the calculation. It could be 580,000 tons, 590,000 tons, 600,000 tons because we can produce 7 lakh tons. Out of that internal consumption is 1 lakh tons. 3% goes into skull. So very close to 6 lakh tons. So all these numbers you put together, we are talking about a good growth not very high, but reasonably good growth.
- If we can continue to grow 15% to 20%, I think that will take us to the our stated goals of continuing the progress CAGR of 14%, 15%, 16% and all this, especially value numbers have to be seen with respect to product price drop, which is 9 % in pig iron, 10 % in tubes. These are the market forces which we continue to face. And in spite of that, we have to succeed and progress. And we continue to strive for that. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, I would like to hand the conference over to the management for the closing comments. Thank you, and over to you, team.
- R. V. Gumaste:** Thank you. Thank you very much.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
- R. S. Srivatsan:** Thank you.