



“Kirloskar Ferrous Industries Limited
Q4 FY26 Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Kirloskar Ferrous Industries Limited Q4 FY26 Earnings 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 sir. Thank you, and over to you, sir.

Pallav Agarwal: Yes. Thank you, Gitesh, and good afternoon, everyone. A warm welcome to the fourth quarter and FY26 Earnings Call of Kirloskar Ferrous. We have the senior management today represented by Mr. R.V. Gumaste, the Managing Director; and Mr. R.S. Srivatsan, the ED, (Finance) and the CFO.

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

R.V. Gumaste: Thank you, Pallav. Let me take the opportunity to welcome all the investors on the call. Welcome to Kirloskar Ferrous Industries quarter 4 year-end Earnings Call. And let me start with the key highlights or the important figures in terms of production and in terms of sales.

The quarter 4 pig iron production quantity was 1,58,152 metric ton and compared to quarter 4 last year, 1,62,286 metric ton. And the production is lower by 3% compared to the last year. And casting production is 36,596 metric ton against 32,474 ton, which is 13% higher than the last year.

In terms of the tube production, 56,119 ton against 52,860 ton last year, which is a growth of 6% year-on-year. Steel production was 58,119 metric ton against 64,443 metric ton, which is almost 10% lower than last year. Coming to total year production last year '25-'26, we produced 6,23,939 metric tons against last year's 6,31,103 metric tons.

The major drop to the extent of 68,000 was because of stoppage of Hiriyur blast furnace for almost 3.5 months because of the market conditions not being conducive whereas productions from MBF1 and 2 have gone well, could have been higher than last year in terms of the output, very close to 7 lakh metric tons if the market condition in terms of realization in pig iron would have been better.

Casting in the year, we produced 1,48,564 metric tons against 1,39,000 metric ton, which is an increase of about 7%. This production is after getting some of the castings to the Oliver foundry. In addition to this tonnage, we also produced 17,500 metric ton of castings in Rajpura, Oliver's.

So if we take standalone Kirloskar Ferrous, it is 7% growth in the production, whereas if we take Oliver, then it is 16% growth in the production. Tube production for the year is 2,16,914 metric tons against last year's 1,99,443 metric ton.

Steel production remains at 2,40,000 against last year's 2,42,000 as we had to take a major stoppage for a couple of fortnights, 2 times in the year for erection of fume extraction system, primary and secondary to improve the environmental aspects within the steel plant.

Coming to the sales quantities, pig iron sales during the quarter was 1,27,600 metric ton against last year 1,35,000. So it's almost 6% lower than last year. Casting sales was 34,980 metric ton against last year's 32,207 metric tons, 9% more. Tube sales was 51,106 metric ton against 51,500. It's more flattish. And steel sales was 24,812 metric ton against 20,700, which is an increase of 20%.

In terms of value terms, I'll go to the total sales value is INR 1,781 crores. You have all the details. And overall, for the year, when we look at we mainly had to face the sales realization drop. Sales realization in case of pig iron was 6%. In case of castings, it was less than 1%. In case of tubes, overall price sales realization dropped almost by 10%.

So overall growth, if we look at on the top line, what we have achieved 3%, including Oliver, if I see it's about 5.1%. It is after accounting for the drop in the sales realizations because of the commodity prices being low. I think it was substantial except that quarter 4, the pig iron prices picked up and also a little bit on the steel prices.

Coming to the quarter and the year-end, we ended up with INR6,861 crores of sales against INR6,628 crores last year. And profit before tax is INR514.43 crores against INR532 crores before exceptional item against INR432 crores, improvement of about INR100 crores on the PBT. And after the exceptional item, it is INR514 crores against INR432 crores.

Overall, we have been able to increase the volume of production and sales in case of castings. Casting is including Oliver about 23,000 tons, which is quite substantial, which happens to be 16% of the total sales.

we are working for merger of Oliver into Kirloskar Ferrous Industries. we look forward to close it in the next couple of months so that we can have the benefit of merger for the year '25-'26 itself.

With this brief update, I would now request for the opening up the question-and-answer session. Thank you very much.

Moderator:

Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone phone, if you wish to remove yourself from the question queue you may press star and two. Participants are requested to use handsets while asking the questions. Ladies and Gentlemen we'll wait for a moment while the question queue assembles. The first question is from the line of Nirman from Unique PMS.

Nirman:

So the first point, sir, I would like to appreciate our efforts in the castings division. So we can see in the realizations that we've increased the share of value-added and complex castings. And so just if you could talk about this journey, how we are progressing versus your expectations, the opportunity? And how do you see this segment evolving in the future?

R.V. Gumaste: I think I would say very encouraging. At the same time, the casting business with respect to manufacturing process management and progress is tough. Our effort to grow 20%, 25% are not realistic.

As I have been talking many, many years, we keep looking forward to growing volumetric growth of, say, 15%, which I consider as reasonably good against the last year, 1,39,000, we are this year gone up to 1,62,000, about 23,000 tons of casting produced more and sold more.

And we expect that we will march forward to go to maybe about 1,90,000 because we have large number of castings under development one by one who will go into the serial production. And demand for casting remains robust from auto sector as well as the tractor sector. We have also now we have gone ahead and we will be commissioning sixth foundry, which happens to be large casting foundry.

And as you know, there is growth in the large casting. We expect the foundry to get a good amount of loading. And also, I would say that our start-up of Oliver Engineering in Rajpura has gone well. Last year, we could produce 13,500 tons.

But towards the end of the year, month of January, February, March we could produce 1,700 metric tons per month. And we are putting all out efforts to take the production to at least 2,000 tons per month and so that we can go to 24,000 tons of production and sales in this year.

We have a large capacity underutilization in Solapur and we are putting our best effort how we can go Solapur to 60,000 tons. We have already started working what we do next, where we create the capacity for our seventh foundry.

And we will have to create that foundry. Otherwise, we will fall short in terms of our manufacturing capacity over the next 2, 3 years. We have feasibility of future aspirational volume growth to up to 3 lakh metric tons per annum. So we need more foundries and we will work to create more foundries and keep increasing the output 10% to 15% every year.

Nirmam: Understood, sir. And sir, secondly, a similar related question. We have added a slide about macro tailwinds in our PPT. So if you could provide some more details about how it benefits our segment and more on how prepared are we to take advantage of these tailwinds?

R.V. Gumaste: So I think basically, we saw a commodity price increase in the last quarter with respect to pig iron. The international prices of pig iron seems to be very encouraging. Whether that will convert into Indian pig iron prices going up need to be seen, but international prices of pig iron have moved to \$475, which is very, very encouraging.

So we are closely watching that and how we can realize better pricing on pig iron. That should also convert into better pricing on steel as well as better pricing on the tubes. There has been a good amount of pull both for pig iron as well as steel because foundries are producing well. Steel plants are producing well. Steel outputs are going up.

Infrastructure has picked up and absorption is reasonably good. So I'm sure that it has to be seen in the background of 2, 3 developments. One is, of course, what we called as tariff period. After that, it was the war in the Middle East, Hormuz blockage power, the fuel cost going up and disruptions in many areas, in many places.

In spite of that, I think we are still optimistic. We are talking about better demand position and we continue to grow. I think it's only because of the tailwinds we have been able to sustain and also grow in volume and talk about growth in coming quarters as well.

Nirmam:

Understood, sir. And sir, we also mentioned something about alloy steel. So if you could talk something about that, what are we doing in this?

R.V. Gumaste:

I have talked about this earlier also. Our long-term plan is to set up one of the blast furnace in Koppal going to steel and that will result into pig iron sales going down to 5 lakh tons and not 6 lakh, 7 lakh tons. but blast furnace 2 will go for the alloy steel production and we want to expand seamless tube plant in Baramati so that the entire steel blooms go to Baramati. And the Jejuri alloy steel, as you know, we are currently at about 30% green power.

And we are pushing hard to commission another 35 megawatts of solar power plant by July, August and another 25 megawatts of wind power maybe by September and the equivalent of this is like 55 megawatts. So 55 plus 35, we are about 90 megawatts of solar equivalent, wind and solar put together.

And we already have another 70 megawatt in Jalna up and running. So we will reduce our CO2 emissions, carbon will be lower and we are green steel producer at Jejuri. We want to do the debottlenecking of the rolling mill and see that we can roll the entire 3 lakh tons.

So that out of that 50,000 or 60,000 goes to Ahilyanagar. And the remaining 2,40,000, which is 20,000 tons per month should go for the sales of non- KFIL sales. So currently, we are last year at 85,000 and we are putting effort to see that by the time we come up with steel plant, our sales goes to that. So we are looking at expanding the external sales and also expanding the internal consumption so that we go up in the seamless tube.

Seamless tube in Baramati, we would like to see that our capacity goes to 4 lakh metric tons per annum by adding expanded mill and increasing the capacity by 1,50,000 plus existing capacity of 2,30,000, which we are trying to realize coming year itself.

So I would say that all this thought is in place. But whether we want to expand the steel beyond Koppal 1 plant, of course, Phase 2 is to take both the MBF into steel. We also have the opportunity at Hiriyur. We have planned to upgrade the blast furnace so that it can also produce very close to 3,00,000 ton of pig iron, either to continue as pig iron or to get into either spun pipe or get into steel. These are the opportunities available to us.

But I think we have the road map. We would like to see that we progress on that journey basically going strong with respect to green steel. We have already started preliminary work on how do we bring battery storage system in megawatt level so that we can increase the utilization of green power in spite of the new regulations coming in Maharashtra.

- Moderator:** The next question is from the line of Pankaj Parab from Molecule Ventures.
- Pankaj Parab:** So my first question is on the casting. So since last 6 years, our customer count was steady at 26. And in this quarter we added 3 new customers to our casting market?
- R.V. Gumaste:** Yes.
- Pankaj Parab:** So this is very significant and just would like to know a bit more about the customers. These are domestic customers or international customers? Are these the customers in commercial vehicle, passenger vehicle or accessory equipment? How these customers are shaping our new product line?
- R.V. Gumaste:** Let me say that the new customer acquisition who is a diesel engine manufacturer will have facility in India, but the manufacturing would be for India and export also. But for us, it will be Indian supply.
- Other 2 customers, basically, these engines, not only stationary engine application, they also go for tractors, TREM V next level. I think the customers we have booked the direct export orders also. We are starting with small direct export. I think this would be earthmoving equipment and we have a visibility to see more exports coming both in earthmoving equipment as well as tractor industry.
- Pankaj Parab:** So can we expect a meaningful volume contribution in 2 years from these 3 customers in terms of exports and in domestic terms also?
- R.V. Gumaste:** Yes. I think there is a clear-cut volume growth plan and time line for SOP. And those are fixed deadlines and we will follow that. We have no choice but to follow that. And as I mentioned, our visibility for next 3, 4 years is volume going up to 3 lakh metric ton per annum. We are shortly commissioning the sixth foundry. And we have, in my view, no choice but to immediately take up seventh foundry program to ensure that we service the customers without any failure.
- Pankaj Parab:** Okay. And sir, next question would be on the realization. As you can see, there is a pretty significant jump. But as well as I see there are some export jump in percentage. So we are up from 20% to 28% and the CV segment is also up from 12% to 16%. So is the realization is only for this particular quarter due to this changes or we are strategically shifting our focus to more CV or more export oriented from our traditional tractor kind of volumes?

R.V. Gumaste: I think it's very important to know that all our customers are looking towards KFIL for intricate castings, difficult castings and blocks and heads more. Our portfolio of housing has not grown much, tractor housings. I would say that all our new order bookings are at better pricing than conventional tractor housings or tractor crankcases.

So we'll continue to progress on sales realization. This sales realization, which has remained flattish is after giving the commodity price reduction to our customers. Another very important aspect is in all the 3 locations, our machine shops are progressing quite good.

And we expect within a year that we will have a machining value of about INR100 crores. So, we bought 22 HMCs. All those HMC -all have been absorbed; 22 machines are into operation. Maybe a couple of them are shortly getting into operation.

We are looking forward to order the next lot of machines. So it's the combination of better price casting joining the production as well as machining coming in, and also the better pricing from some export casting, which is contributing to sustaining the realization. And I also look forward for the improved sales realization in casting because of these strategic initiatives taken by us.

Pankaj Parab: Sir, can we expect a sustainable improvement in the realization in 2 years, as the exports are growing, as the complexity of the product is growing? So base was 125 and can we expect 130 kind of range for next 2 years?

R.V. Gumaste: Definitely much more than that because the commodity price increases will also start coming in these quarters. And the reductions given by us were of the order of INR10 per kg or INR12 per kg. And I expect part of it at least flow back. And also, in the coming quarters, we will have more newly developed castings picking up the volumes. And in the next 2 years, in my assessment, I have not done exact calculation, but it will definitely go beyond INR130 per kg.

Moderator: The next question is from the line of Dhruvesh Kanakia from Antique Stock Broking Limited.

Dhruvesh Kanakia: Sir, I wanted to ask if you can share what was the utilization of the new Solapur foundry during 4Q?

R.V. Gumaste: See, the minimum expectation from both the lines is at least 6,000 tons per month. And actual realizable, maybe it could be slightly another 5% more, but I expect at least 6,000. Against that, we are at 4,200 last quarter against 6,000 tons, I would say this is about 70%. Another 30% utilizable capacity utilization can be improved in next few quarters, maybe 3, 4 quarters.

Dhruvesh Kanakia: Okay. So sir, when would we be able to reach the 45,000 per quarter run rate that we were planning earlier, sir?

R.V. Gumaste: See, one is merger of Oliver because we shifted some sourcings to Oliver. And here, we are trying to produce more block and head. I would say that very shortly, we should be able to get to a level of about 15,500 per month into 3 would be 45,000, 46,000, I think should happen very shortly.

- Dhruvesh Kanakia:** Okay.
- R.V. Gumaste:** After the merger, 2,000 will appear here, what 1,700, I said 5,000 tons per quarter will appear in our book. So I think we should see within a couple of quarters, we should go to 45,000 per quarter with Oliver, of course.
- Dhruvesh Kanakia:** Okay, sir. Okay. Sir, would you be able to guide us on what kind of sales volume we can expect from the company across segments in FY27?
- R.V. Gumaste:** See, what has happened is you have seen so many external developments like commodity falling like anything. Now we are seeing the reverse of that and that should definitely help us in terms of sales realization going up.
- And another thing is also our efforts to increase the volume in pig iron casting as well as steel and tube continues. I definitely look forward that we should succeed in getting at least 15% growth once again. I hope that the commodities don't fall again that pulls us down.
- Moderator:** The next question is from the line of Prolin Nandu from Edelweiss Public Alternatives.
- Prolin Nandu:** Just a question again on your FY27 guidance. On the casting volumes, right, now correct me if I'm wrong, sir. Our 1 quarter back or 2 quarters back, our aspiration was to reach close to 1,85,000 to 1,90,000 metric tons of volume from combined, right, including Oliver for the entire year, right, of FY27.
- And to the previous participant questions, you mentioned that 45,000 we'll reach in a couple of quarters. And then again, you mentioned that, that 15% growth, right? So I think we'll fall short of that number, right, in some sense of our previous target of 1,85,000 to 1,90,000 metric tons. Is my assessment correct, sir?
- And, you know, because it's been our aspiration for quite some time now. And I appreciate the external challenges, but when we give out this guidance, are we building in that such challenges will come in the future as well, right? And on that basis, what kind of volume numbers should we expect in the casting division in FY27?
- R.V. Gumaste:** I think we are committed to the numbers what you mentioned, 1,80,000, 1,85,000, 1,90,000 is the numbers we look forward. I'm very clear that Solapur should produce and sell 5,000 tons, which becomes 60,000 tons and we are more than 1 lakh tons already, about 1,05,000 in Koppal and we are saying 25,000 should come from the Oliver.
- So what numbers I'm talking is production numbers, not exactly the sales numbers. There will be some small difference with respect to 2% to 3% foundry stage rejection. But I think 1,85,000 kind of number remains our target and we are working towards that for the financial year '26-'27.
- Prolin Nandu:** Okay. So just 2 follow-up questions, sir.

- R.V. Gumaste:** Like I would request you to also appreciate that last year also, we have increased the casting production and sales by 23,000 tons.
- Prolin Nandu:** No, that is appreciated, sir. Just wanted to...
- R.V. Gumaste:** see, even this year, we will put that effort, how do I get another 25,000 increase?
- Prolin Nandu:** I get your point.
- R.V. Gumaste:** Yes, 88 it should come, and that's what I'm trying to explain. Thank you.
- Prolin Nandu:** I get your point. So just on the Solapur run rate, right, and also Oliver run rate, right? You mentioned that the end of March, we were at 1,700. Now let's say, 25,000 yearly run rate, have we already reached 2,000 per month run rate in April? And where are we on Solapur on the monthly run rate? How far are we on that 5,000 number?
- R.V. Gumaste:** First of all, Oliver, let's say, 1,700 becomes 1,700, 1,800 in April. But by the end of the year, it should go to, say, 2,200, 2,300, but I should get 24,000, 25,000 for the whole year. From 17,000 to 24,000 or 25,000, 7,000, 8,000 tons extra production and sales from Oliver is possible, feasible.
- Order bookings have already been done. Machining setup is already in place wherever customers want machine casting. And I'm pretty confident we can progress another 7,000, 8,000 extra quantity in Oliver going towards 24,000 tons from Oliver, 2,000 average per month.
- And Solapur, we are currently, I just mentioned, 4,200 metric tons per month last 2, 3 months also. This we are trying to take it to 5,000 metric ton average. So instead of 4,200, we have to go to 5,000 subsequently, maybe 300, 400 more, but achieve 60,000 production, maybe 55,000, 56,000 sales from Solapur.
- Prolin Nandu:** Understood, sir. so what I understand is that post this ramp-up will be gradual, right, 1,700 will move to 1,800 for Oliver and it might -- and we might end the year at 2,200 and that's how we average out at around 2,000 per month, right?
- R.V. Gumaste:** Yes.
- Prolin Nandu:** And same is the case with Solapur as well. We are at 4,300, maybe there will be 100 more capacity addition?
- R.V. Gumaste:** See, Oliver is straight line. It is easy. You go up 300, 400 tons, you are done from 1,700. Solapur is ticklish and we are at 4,200. We are putting our best effort to see that we go up. And we should average out close to 5,000 in this year itself, '26-'27.
- Prolin Nandu:** Okay. So I had actually the question on pig iron sir, but I'll just double-click on this why Solapur is being ticklish. Is it because of that -- and the customer that we are dealing with and approvals and all, is that the ticklish nature of Solapur? Or what -- can you just give us some clarity...

- R.V. Gumaste:** Basically, we struggle with the core productivity and complexity of casting. And it is nothing to do with the customer itself. These are complicated blocks and heads. They do take some time to stabilize the process and stabilize the output. And nothing to do with customers, but to do with the foundry process and complexities of the castings.
- Prolin Nandu:** I'll come back in the queue. Thank you.
- Moderator:** The next question is from the line of Bharat Sheth from Quest Investment Advisors Private Limited.
- Bharat Sheth:** Congrats on showing improvement in the business trend. Sir, you have said that we are expanding this tube capacity to 4 lakh that I hear it. But before that, we were also to expand, I mean, our diameter also. So what stage we are in? Any thought process on that? And how much capex that we plan for, say, '27 and '28?
- R.V. Gumaste:** See, let me cover one by one. Capacity expansion in Baramati is in the area of bigger size tubes. First is the immediate next year is to expand by capacity utilization improvement. And we have done the basic study, basic design and basic source study in terms of where to go, what to get for the biggest tube mill. And we expect that we should complete that project within next 1.5 years.
- And investment for that plant could be plus of INR500 crores, it would be part of our capex plan of about INR600 crores, INR700 crores per year. We have many projects. We have projects in pig iron, foundry, steel as well as tube. So it would be part of that. And as you must have noticed, our cash generations are better than our ability to invest and we have reduced our loan.
- Bharat Sheth:** No, no. That's a commendable thing we've done. This year also we have generated -- I mean, brought down the borrowing.
- R.V. Gumaste:** Yes. Yes. Borrowings have been brought down substantially. I look forward to improve the investment in opportunity areas. And there are obligation areas also. We have to make the mines operational, beneficiation plant, pellet plant. So we'll continue to invest at the rate of about INR600 crores to INR700 crores every year. And we hope that we can generate better than that in terms of cash generation.
- Bharat Sheth:** And sir, just if you can give some more qualitative color on the kind of order book that we have for the seamless tubes business. We were expecting ONGC order, so what stage we are and further, had an order which is say, I mean, joints and all, which is a very high-margin business and difficult to manage to produce?
- R.V. Gumaste:** I would like to say that we have some pending orders of the last tenders. And we again expect that new tender for this year should also come and we should be able to pick up those orders. Exports are growing. The fuel prices are high and there is a lot of reconstruction requirement is coming up. And I expect that both domestic and export orders in the oil and gas segment should be better and robust. And at the same time, even the other applications, the progress of orders is supporting our expansion plans.

Right now I don't have the figure of what is the pending orders right now. I have not looked into that. But I would say that we expect debottlenecking and capacity utilization improvement, volumetric improvement of about 10% to 11% is what I look forward to be achieved in tube business. I also look forward that the commodity prices going up already I mentioned about international pig iron price, coal prices have gone up. I expect also the steel and tube prices to go up in coming months immediately.

Moderator: The next question is from the line of Saket Kapoor from Kapoor and Company.

Saket Kapoor: So taking into account the road map that we have charted currently, how should our EBITDA margin trajectory stand for the current year and the year ahead? And also, sir, if you could just explain -- not only explain, going ahead, if you could give a description about the backward integration part of the story that we are currently in the offering, so that investors can have some more understanding or better understanding of how our systems are -- our products are aligned in. How is the company aligned backward in terms of backward integration?

R.V. Gumaste: Sir, I think -- thank you very much for this question. Let me quickly cover. One is, I have said that, first of all, we want to bridge that gap of every quantity of pig iron going into market, blast furnace we make steel and that goes to Baramati for seamless tube. Value-added product going from Jejuri into steel sold in the market. These are the processes in between which we cover.

Now we have already done a complete requirement of coke coming out of our own Coke Oven and we are up and running 52 megawatts of power, waste heat recovery power, which is coming from blast furnace as well as Coke Oven. I also mentioned that we would like to invest, not very huge, but about INR125 crores to INR150 crores in Hiriyur to upgrade the blast furnace to take it to, 2,50,000, 3,00,000 metric ton per annum capacity and also bring the manufacturing cost in line with koppal with efficiency improvement, cost reduction.

And I expect this kind of project payback periods are like less than 2 years. We are also working that we complete the solar and wind energy project before August, September, 25 megawatts of wind and 35 megawatts of solar. And then take step-up into battery storage system to improve the wind and solar power utilization. Otherwise, the government regulation would allow prime slot utilization of solar energy. We are progressing well on operationalization of Jambunath Gudda iron ore mines, which has very good quality iron ore. It will help us in making better quality prime quality pig iron.

Once we operationalize, we are planning that we also bring in beneficiation and pellet plant so that we can use all kinds of iron ore from the mines and we can beneficiate and pellets can be used in the blast furnace. And we can also sell if we want some quantity of pellets in the market, which there is a market. So these are our backward integration plans. What we are trying to do is mine to machine castings and mine to seamless tubes. And with energy management being the key thing and monetizing the energy cost today into energy savings tomorrow.

- Saket Kapoor:** Right, sir. So just to have that understanding only 2 concluding parts. Firstly, sir, how then our EBITDA margin should shape up for the current financial year?. If you could just give us the trajectory. And sir, for this quarter, our other expenses have gone up to INR465 crores. So any one-off item that we have factored in, in terms of the other expenses and other income also was up to INR44 crores. So, if you could just explain
- R.V. Gumaste:** I need to come back. I don't have ready numbers. I didn't look from that angle. Is Srivatsan on the call, whether you will be able to take that, Srivatsan? He was traveling, I think.
- Saket Kapoor:** Okay. No issues. I will take it. And for the EBITDA margin trajectory, sir, with the type of product profile changes and all -- and again, you have mentioned about pig iron prices realizing of improving. So exit of first quarter, how are things setting up for us?
- R.V. Gumaste:** Sir, you have seen the commodity market pig iron especially has been terrible last 3 years, not 1 year. It has fallen continuously without a substantial fall in the raw material prices. We expect that, that pain is over and we should be able to improve a little bit already. Compared to October, the pig iron prices are up INR5,000 compared to December, pig iron prices are up INR4,000. but of course, as you have seen, there is also a cost pressure on that. Dollar has gone to INR95 and coal prices on an average have gone up by about \$25 per ton of coal. So some factoring will happen to the cost, but something will get added to the value addition. And a little support on the commodity side. I expect that we are just above 12.5% of EBITDA. And I would say that our effort will continue. I have been talking about that we are comfortable only when we are at 15% EBITDA. And in all products, we continue to look for the volume growth.
- Moderator:** The next question is from the line of Sahil Sanghvi from Monarch Network Capital.
- Sahil Sanghvi:** Congratulations for the improved set of numbers. My first question is, would you be able to give us the number of the revenue that we did for the whole year at Oliver Engineering?
- R.V. Gumaste:** I think I talked about 25,000 tons and it becomes INR250 crores. Could be slightly more than INR250 crores because of the machining value.
- Sahil Sanghvi:** 25,000 tons sir, this is at Oliver you are saying?
- R.V. Gumaste:** Yes, only Oliver.
- Sahil Sanghvi:** FY26?
- R.V. Gumaste:** No, no. FY26 is I think INR118 crores or INR119 crores, something like that, FY26. I'm talking about '27 going to INR240 crores, INR250 crores.
- Sahil Sanghvi:** So FY26 is INR118 crores, you are saying, correct?
- R.V. Gumaste:** Yes. Yes. Yes. Final number, don't catch me. Final number, I don't have exact paper with me.
- Sahil Sanghvi:** No, that's all right. Yes.

- R.V. Gumaste:** In the range of INR120 crores.
- Sahil Sanghvi:** Got it. Sir, secondly, if we had to look at how the market pricing has worked out for pig iron, I think the kind of hikes we received for Q4 were lower than that. So what has not worked in our favor? And also the pig iron volumes, I think what you had guided in Q3 with respect to the debottleneck capacity now, we could go up to 140 kilo ton of commercial sales also, not counting the internal transfers. So I mean, the production also, I mean, was lower in Q4?
- R.V. Gumaste:** I think 2, 3 things I would like to mention here. One is Hiriyur, quarter 4 full volume has not come. There was something start-up and all that October, November, December, but it spilled over something to January.
- We didn't get the full quantity of Hiriyur in quarter 4, one. Second thing, one of the blast furnace we took stoppage for 5 days. Some production loss happened during the quarter. I would request you that generally, when you see, I'm talking about total tonnage for the year is 6,23,000 tons. And in that 68,000 is stoppage.
- Productivity, actually, Sahil productivity of MBF1 and MBF2 in Koppal have gone very well and their output has gone up. What has pulled down is the Hiriyur and I expect that a little bit improvement, positive contribution, we should be able to quickly go back to that number of 7 lakh metric ton or at least 680, 690 numbers are possible with the current productivity.
- Another step, very important step, Sahil, is that, our oxygen towards the end of this year, we will commission 150 tons per day oxygen plant and we'll enhance the oxygen enrichment to 5% from current 2.5% level. And PCI level today, we are at 130 kg and can go up to 160, 170 kg, which will result into pig iron output increase and coal consumption reduction. So we will get productivity benefit as well as the cost benefit.
- Sahil Sanghvi:** Right, sir, right. And sir, lastly, pricing-wise, are we there? I mean, or because the market pricing was much higher, if I had to look at the blended Q4 pricing?
- R.V. Gumaste:** See, what has happened, I just mentioned, compared to December, the price increase implemented is INR4,000 per ton. But when I say we implement from January, pending orders, we typically have 15 days order book going on for pig iron because we run with 1 day stock to 2 days stock. That means there are always order book position. So we commit to our regular customer 1 month also. So if somebody who takes, say, 3,000 tons per month, he books one order for the month. So towards the end of December, January is already booked. So there was some spillover into January, I know. And also, I would say, end of March also, we had some more fine correction in price increase happening even in April. So full benefit has not come into quarter 4 what is the price running today.
- Sahil Sanghvi:** So 1Q FY27, sir, how would the spreads move now because coking coal has further risen? So what kind of movement do you expect versus Q4?

- R.V. Gumaste:** I have asked our people to work on the 3 things basically, what is the coal purchase commitments, we have pricing also. We have always 3 months coal with us. Fourth month will change. One is that and what is the coke price, what is our production cost and what could be our margins? I think we should be able to bring more clarity as move ahead. But you are concerned on cost as well as see, just now today's market condition, what I realized is international price of pig iron at \$475. I don't know see whether it is realizable, how much we can realize how we can push for price increase. But I think price increase inevitable. It will go up for pig iron.
- Moderator:** The next question is from the line of Deepak from Sundaram Mutual Fund.
- Deepak:** My first question is on power cost. So would it be possible to quantify, let's say, in absolute crore terms, how much power cost did we save in FY26? And we do have this 35-megawatt solar project and 25-megawatt wind project also commercializing in Q2 of this fiscal year. So in FY26 and '27 and '28 means a rough ballpark range of how much power cost will we be same on account of all these initiatives that we are taking?
- R.V. Gumaste:** See, first of all, last year, some regulation changes also happened, utilization period, something is in the court. So leaving that aspect, I think solar power plant, we got a benefit of about INR70 crores.
- Deepak:** This is for FY26?
- R.V. Gumaste:** Yes, '26. And we will start commissioning of both wind and solar step by step starting from June. And by September, our present plan subject to any delays because of the pre-monsoon monsoon, but we want to finish commissioning June, July, August, September. So there are also complicated issues. I need to plot everything. Wind generation is more in monsoon and solar generation is less in monsoon. So they are complementary.
- So I just mentioned that 25 megawatt is equivalent to almost like 90 megawatts of solar. And given the choice, we should get as it commissions about INR70 crores, INR80 crores, INR90 crores benefit even after taking into consideration the new regulation. but we will get maybe half of that in this financial year.
- Deepak:** Okay. So INR70 crores was for FY26, then it would be INR70 crores plus INR45 crores in FY27, correct?
- R.V. Gumaste:** Yes. That is what I expect the benefit. Yes.
- Deepak:** Right. And let's say, if it runs at a peak capacity, then it would be INR70 crores plus, INR90 crores?
- R.V. Gumaste:** INR70 crores plus, INR90 crores. Yes.

- Deepak:** Okay. Got it. And sir, second question is on volumes. So I don't know whether it was shared earlier or not. So I did hear that we are talking about 15% volume growth on the casting front in FY27.
- R.V. Gumaste:** Yes.
- Deepak:** Would it be possible to highlight that what kind of volume are we targeting -- external volume sales, I mean to say, in pig iron, seamless tube and steel for FY27?
- R.V. Gumaste:** See, all castings mainly external sales. So we don't have any casting internal consumption in KFIL. So whatever it comes, 186, it will all be external sales. That's what we target. I think we can achieve that level in case of casting. And in case of tube, we are talking about we did . 1,88,700 against last year's 1,68,800. And from here, we are talking definitely we should bring in around 10% to 11% volumetric growth.
- Deepak:** Okay.
- R.V. Gumaste:** And some benefit on the sales realization. We have really gone down to 10% value going down.
- Deepak:** But sir, let's say, if this ONGC order picks up, I think there is a delay in that also. And since those are high-value orders and then you have commodity inflation, so would it be fair to assume that this year as we have ended with around 1,13,000 NSR per ton in tubes, this can go maybe 6,000 to 7,000 incremental in FY27?
- R.V. Gumaste:** I think out of what we have lost 10%, I'm at least looking forward recovery of 5% to 6%.
- Deepak:** Okay.
- R.V. Gumaste:** And I think it matches with your number 1,13,000, 5% to 6% should get recovered because the pig iron is going up, steel is going up and everything going up, power, fuel. So at least half of that drop in the last year should be recovered this year.
- Moderator:** Due to time constraint, that was the last question for the day. I now hand the conference over to Mr. Gumaste sir for closing comments. Please go ahead.
- R.V. Gumaste:** Thank you very much. A lot of uncertainty times because of the war situation and India story still remains robust and we want to progress ahead. Naturally, questions are more and as uncertainties are more, in spite of all these conditions, we want to create something, bring some growth and bring some profitability improvement.. Thank you very much, everyone, for joining this call, and I wish each and every one of you all the best. Thank you so much. Over to moderator.
- Moderator:** Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.