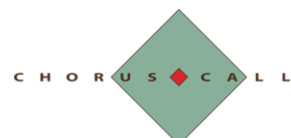




“Nelcast Limited
Q1 FY26 Earnings Conference Call”
August 01, 2025



MANAGEMENT: MR. P. DEEPAK – MANAGING DIRECTOR AND CEO
MR. S. K. SIVAKUMAR – CHIEF FINANCIAL
OFFICER

MODERATOR: MR. ABHISHEK BHATT – E&Y INVESTOR
RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to Nelcast Limited Q1FY26 Earnings Conference Call hosted by EY. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Bhatt from EY Investor relations team. Thank you, and over to you, sir.

Abhishek Bhatt: Thank you. Good morning, everyone. On behalf of Nelcast Limited, I welcome all of you to Q1 FY26 Earnings Conference Call. The results and investor presentation have already been shared and are also available on our website and through our filings with Stock Exchanges.

Joining us today to discuss the company's performance and outlook we have with us today, Mr. P. Deepak, Managing Director and Chief Executive Officer; and Mr. S.K. Sivakumar, Chief Financial Officer. Before we proceed, a standard disclaimer:

Please note that anything said on this call during the course of interaction and in our collaterals, which reflects the outlook towards the future, or which should be construed as certain forward-looking statement must be viewed in conjunction with the risks the company faces and may not be updated from time to time.

More details are provided at the end of the investor presentation and other filings available on our website at www.nelcast.com. Should you have any queries or require further information following this call, please feel free to reach out to us via the contact details provided in our investor materials.

With that, I now hand over the call to Mr. Deepak. Over to you, sir.

P. Deepak: Thank you, Abhishek. Good morning, everyone, and thank you for joining us today. We're pleased to report a strong start to FY26, building on the momentum from Q4FY25. The Tractor segment delivered strong growth, which was supported by a favorable and early monsoon, while M&HCV and other segments continued to perform steadily.

Despite early concerns around tariff-related uncertainties in our key export markets, our exports still grew 17% year-over-year to INR 115.4 crores. While this situation remains fluid, we remain focused on minimizing any unfavourable effects to the best of our ability. In terms of industry performance, we witnessed a healthy recovery in the Tractor segment during Q1 FY26 and we expect this momentum to continue throughout the year.

The Tractor segment is projected to grow by approximately 7.5% to 8% in FY '26. Commercial Vehicle segment also started off strong in April and May. However, with the introduction of the new AC cabin norms by the government, this has led to some softness in demand since June, though we expect this to normalize gradually from October.

FY26 is a strategic inflection point for Nelcast. Beyond the quarterly numbers, this year marks a critical phase of transformation. We are actively investing in new product development with a

strong focus on the export market. These initiatives are not only expanding our product portfolio but are also driving higher utilization across our manufacturing footprint, especially in facilities that have been under leveraged.

I'm proud to share that we have successfully developed the largest single casting in our company's history, weighing approximately 500 kgs, which is being validated and submitted for customer approval. We have also submitted samples of our first castings that go into an electric power steering. These milestones, along with several other new product samples currently in progress will begin to bear fruit in FY27 and FY28, significantly enhancing our return ratios and profitability.

On the margin front, we have seen a substantial improvement with EBITDA per kg rising 24% year-on-year to INR 14.7 per kg, reaffirming our progress towards our first goal that we had set of INR 15 per kg. Looking ahead, our focus remains firmly on executing the strategic initiatives laid out for FY26, which are designed to unlock significant value over the next two to three years. We are actively working on commercializing the new product portfolio with several components currently in the sampling and approval stage.

These products are primarily targeted at the export market, and we expect them to begin contributing meaningfully to revenue starting FY27 with full ramp-up by FY28. As these products move into production, we anticipate a step change in utilization levels, which will directly enhance operating leverage, capital efficiency and margin profile.

Additionally, we are strengthening our engineering and process capabilities to support the development of these complex high-value castings, positioning Nelcast as a preferred supplier to global OEMs. On the market front, we are seeing increased engagement from European customers, and we expect to convert several RFQs into long-term contracts in the next few quarters.

The groundwork is being laid in FY26. It's not just about growth, it's about building resilience, scalability and global competitiveness. In summary, while FY25 was a year of consolidation, FY26 is about laying a foundation for scalable, sustainable growth. We are confident the groundwork being laid today will translate into robust performance in the years ahead and we remain committed to creating long-term value for our stakeholders.

In terms of our financial highlights, the total income for Q1 was INR 336 crores compared to INR 302.3 crores in Q1FY25, which is a growth of 11.1%. Exports for Q1 FY26 stood at INR 115.4 crores compared to INR 106.5 crores in Q1 of FY25.

And our EBITDA stood at INR 32.4 crores in Q1FY26 compared to INR 22.4 crores in Q1FY25, which is a growth of 44.3% year-over-year. Profit after tax during Q1FY26 was at INR 12.5 crores versus INR 8 crores in Q1FY25, which is an increase of 57.2% year-over-year. We can now open the floor for any questions and address your queries. Thank you.

Moderator:

The first question is from the line of Kanika Kothari from Kothari Securities.

- Kanika Kothari:** Sir, my first question is what are the sampling which you are currently doing? And where is this applicable?
- P. Deepak:** Yes. So, the specific product that I was referring to, the 500 kg product, it's actually not one product. It's a family of products that go into that program. So, these go into the heavy-duty tractors that are sold in the Western markets. Typically, these would be the tractors ranging from about 600 to 800 horsepower range. And these are the track type of tractors as well.
- Kanika Kothari:** Okay. And which are the export markets that this will cater to?
- P. Deepak:** So, this particular program will be catering to the US market. That's where the manufacturing of this particular tractor takes place. I believe most of the extra-large tractors take place only in the US market.
- Kanika Kothari:** Okay. And also, so you mentioned that you are laying the foundation, and the results will be seen in FY27 and FY28. So, can you kind of elaborate on the groundwork which your team is doing and kind of how aggressive are the building efforts from your end?
- P. Deepak:** Yes. So, I mean, a lot of these new product development activities that we are taking on, I think what we are doing today in terms of developing products for customers is undoubtedly the most that we have ever undertaken. I think it's a very ambitious goal that we have undertaken, and we are meeting our targets as well. So that's quite exciting.
- If I look at it in terms of the picture, it's a lot of these type of products that we are doing, which are, I will say, first for us, including these products that I said that go into the tractor and off-highway segment for the North American and European requirements.
- And then in addition to that, I think one of the things I also alluded to in my speech was we've also made some components which are smaller in size, but those go into the first electric power steering parts that we have done. So, we are expanding our horizons even in terms of the sectors that we are working.
- Moderator:** The next question is from the line of Ankur Kumar from Alpha Capital.
- Ankur Kumar:** Congrats for a good set of numbers. Sir, my first question is on EBITDA per kg guidance earlier, we were saying we expect this in FY27, but now we are saying in FY26. So, what gives us this confidence? Is it like the export order? Or how? But you also said CV is expected to be a little soft. So, can you comment on that, please?
- P. Deepak:** Yes. I think why we are trying to target this for FY26, I think, one, we've got a good start to the year. And that's driven by I think the first quarter was driven by a good tractor demand, healthy tractor demand and the forecast seems to be a growth of about 7.5% to 8%. Of course, we'll have to wait until the festive season to get clarity in terms of where that turns out. I think in terms of exports, we are seeing a fairly good traction overall.
- We are a little bit uncertain right now because there is some forecast of a slowdown in the truck market in US because of the aluminium and steel tariffs at 50%, the cost of the vehicles is going

up and therefore, there seems to be some drop in demand that might come through. With tariffs the way that they stand, what was there yesterday and what is there tomorrow seems to be two different things.

So, I think we've got to wait and watch. And we do not see that there's a real possibility that the entire market would collapse because I think the US government would not allow that and would step in and come up with some sort of clawbacks or something like that to prevent that from happening. So, we feel reasonably confident about the year.

Obviously, there's a lot of uncertainty that is there currently, especially given the announcements from a couple of days ago. But we don't believe that that's really going to be a significant thing when we look back at it. So, we're reasonably confident of a fairly good year this year.

And I think some of the new product development activities, we are hopeful that they might even come into production into Q4, if not at least in Q1 of next year. So as these new products that come in with better margin profiles and all of that, I think we do expect to see that we will be able to improve on our margins.

But in the short-term, again, given the uncertainty around the US, a little harder to project perhaps for the current quarter. But we remain very confident for what the next few quarters and next 2-3 years look like.

Ankur Kumar: And sir, in terms of volume, what is your expectation for this year? Is it like 1 lakh metric ton?

P. Deepak: Yes. So that's what we are targeting. We are targeting about 1 lakh metric tons for the year. And we think it's quite possible, barring some crazy shocks, but that's what we are working towards and we believe we will be able to achieve in this year.

Ankur Kumar: Sure, sir. And sir, on the US side, what percentage of our export revenue comes from US?

P. Deepak: The US is biggest chunk of our exports is coming out of the US. So, I would say about 80% of our overall export is coming out of the US market. And despite all of these talks about tariff and all of that, there's not really impacted anything in terms of share of business or anything like that because we don't believe the capacity for these kinds of products exists in the US anymore. So, we also believe that whatever the tariff might be at the end of the day will largely get passed on to the customer itself.

Ankur Kumar: Sure, sir. And last question would be, you talked about good RFQs from European side also. So, what percentage of our next year or, say, even FY27-28 revenues or EBITDA we expect from those new products?

P. Deepak: So, I think, yes, we do have actually a very healthy pipeline of RFQs and many of these have progressed well to the point where the customers are actually visiting our plant, conducting the necessary audits and the plant approval process that is required in order for them to release orders on to us.

So, we believe that most of these activities of the plant approval and technical discussions and all of that will largely be completed within this calendar year. So, we would hope that in terms of order wins, we'll start to see that pick up in the next calendar year in 2026. And potentially 2027 and 2028, we will hope to see a good amount of growth from there.

From what we can see, it's hard to put a projection right now, but certainly if you look at it, about 20%, a little under 20% of our export revenue is coming from Europe. So, we expect that to certainly double or triple in the next couple of years.

Moderator: The next question is from the line of Priyam Shah from Value Equity.

Priyam Shah: So, this is just an extension to the previous participant. Sir, we have recently done this new product sampling which includes the casting of 500 kg. So, I just wanted to understand what is the competitive advantage that we have in this product? And how difficult it is for competition to replicate this product? And if you can just highlight the applications of this product and profitability.

P. Deepak: Okay. So, this particular product that we're talking about at 500 kg, I believe if you look out in the world, there are two possible ways that this product can be manufactured. The larger castings are typically manufactured in a process called no-bake casting, where you use chemically bonded resins to make moulds with the sand.

So, this is a more expensive process. And the process that we use is a process called green sand where we use the clay and mechanical compression to make the moulds. So, when you compare the two, there is an inherent cost advantage that is there in the green sand process. So, we are producing this part in the green sand process, whereas historically, this part has been produced in, I believe this part has been produced in China in the no-bake process historically.

So, if you look globally, I would say there are probably maybe 5 or 6 casting companies in the world that can even make this product in the green sand process. And therefore, I think that helps us in terms of our competitive position as well as the long-term sustainability of the business. And of course, because we are competing against the no-bake process and only a handful of people who can do this green sand process, margin profile is also higher.

I can't elaborate on exact margin profiles on exact product. But certainly, from a selling price standpoint, we do have a better margin, which we would expect at the bare minimum for this.

Priyam Shah: Okay. Helpful. And is it possible at this juncture to let us know what would be the expected contribution from this product, if it is possible?

P. Deepak: So not this product specifically. So, this is a program. This product is used in a truck-type tractor. So, these are these very large tractors that instead of using wheels, they use tracks. And so, it's a very specialized thing.

And along with this part, there are a few others that go into that assembly. And at the moment, our forecast on this program is something, these types of parts and this family of parts is between \$10 million and \$15 million a year.

Priyam Shah: Okay. And sir, my last question, if you can highlight how are we ramping up the utilization of Pedapariya facility in the coming 2 years?

P. Deepak: Yes. So that is actually looking very solid right now. These products that I just mentioned will be produced in the Pedapariya facility. We are looking at bigger castings, heavier castings, more complex castings that like I mentioned, there are only half a dozen foundries in the world that can make these parts. And that is starting to fill out quite nicely.

And we are getting more and more inquiries and orders as we speak on to that line. So, we are quite confident that currently from about 25% or so capacity utilization, somewhere between 25% to 30% capacity utilization that we have in Pedapariya plant. We are actually very, very confident that that number could be close to 60% within the next 2 to 3 years.

Moderator: The next question is from the line of Aditya Agarwal from Old Bridge Mutual Fund.

Aditya Agarwal: Congratulations on a really healthy set of numbers. So, my first question was on the export side. So, on exports, we have done reasonably well this quarter despite the volumes that are coming up from the markets of US and Europe being pretty weak. So, can you just elaborate like where is this growth coming from? And what are the major segments that we cater to in the export market?

P. Deepak: Yes. So if you look at the export market, the biggest portion of our export market is coming from North America, which is majorly US and some Mexico as well. And if you look within that, a big chunk comes out of our Class 8 truck segment and some of it actually even comes out of the light and medium-duty truck segment as well.

So, on the light and medium-duty truck, one, I would say, program that seems to be going still quite strong is the midsize pickup truck, for which we supply components to the US market. And even the medium-duty truck, in fact, the export super duty seems to be going great guns without showing too many signs of slowing down. So, they're very positive in terms of their numbers.

In terms of Class 8, we started to see that slow down over the last couple of weeks, some degree of slow down driven more by, I think, the tariffs on aluminium and steel, which is impacting overall price of the vehicles. So, we will need to watch that a little closer because that's the biggest chunk of what we do for the North American market.

Aditya Agarwal: So, in terms of North American sales, so majorly you said it is CVs, correct?

P. Deepak: Yes.

Aditya Agarwal: In that how much would be the heavy-duty Class 8 truck? What would be a broad percentage in the revenue?

P. Deepak: I would say of the US numbers, about 60% will be not just Class 8 because some of the products go both into the, let's say, Class 6 and Class 7 as well. But Class 6 to 8, if I was to take, I would say about 60% goes into that.

- Aditya Agarwal:** And rest would be the light-duty trucks.
- P. Deepak:** Yes. Yes. The light-duty, yes.
- Aditya Agarwal:** Okay. So, sir, my second question would be, so this the volumes that have come up for export, is it coming up from the newer products that we have introduced and new programs that have ramped up? Or is it coming up from the older programs only? What is contributing? Because volumes in the US seems to be degrowing at a much sharper rate. So, if Class 8 trucks were taken..
- P. Deepak:** Yes. So, I think it's a mix of both. I think in the last quarter in terms of Q1, there was a fairly the Class 8 at least the production numbers, while their order intake numbers had dropped, their production numbers were still reasonably strong. And I think there was some concern about these tariffs and all of that as well. So, there might have done a little bit more pull-forward on production.
- We are seeing some slowdown that's happening right now in terms of Class 8 and some forecast from research agencies as well showing a significant slowdown expected in the second half of the year. But that's the reasoning that's been given is because of a lot of these tariffs, especially the steel tariffs, they believe is having and going to have a significant impact on price of the vehicle.
- So, I think in the US also, there's a lot of marketing happening around please buy the vehicles today before prices go up due to tariffs and all kinds of marketing schemes are going on. So that might have also helped a little bit in terms of people taking earlier deliveries of vehicles and all of that.
- So, I think your point is right that on the Class 8 segment, there is certainly a lot of information out there right now saying because of the order intake being low over the last few months that there is likely to be a slowdown now.
- Aditya Agarwal:** So, what would be your outlook on the US volume for the whole year? How should we look at it?
- P. Deepak:** So, at this point, it's just too fluid for us to have a clear outlook. I think it's more about being flexible. So overall, there are reports suggesting that the industry itself maybe in the US might be down 30%. But that being said, we have some new products also that are under testing and will get launched. So, we don't think we'll see as big of a hit on the same product year-on-year.
- Aditya Agarwal:** All right. And my last question would be on the new product that will get introduced, the 500 kg product. So, in this product, how would be the realization different from the average realization that we do? So how much would be the realization higher, or the profitability would be much higher for this product?
- P. Deepak:** Yes. So, I mean, I can't talk about profitability or realization of one specific product. But certainly, if you look at the competitive landscape that's there, this would be a better realization

product for sure in comparison to what would be an average product that is made. And that's largely driven by lower degrees of competition, both in India and across the world.

Moderator: The next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar: So, my first question was, do we expect any prebuying happening in the US and the European region in second half CY25 and 2026 because I think there are some norms which will come into effect from Jan '27, I think the CAG Norm 3. So, does that help us in terms of industry recovery? And consequently, what kind of growth are we targeting for our company considering the new product launches that we have for the next 3 years?

P. Deepak: So, I'll address the first part, which is on the emission norm change happening in the US. Right now, there is still a lot of question marks as to whether given the current administration's agenda in the US as well as whether they might postpone that from 2027.

As of now, I don't believe that's happened. I believe that the emission norm change will happen in January 2027 and there is a significant impact to the cost of the vehicle post that date. So, I believe that's still on, but there are a lot of expectations within the industry that this might actually get pushed out by President Trump or the administration.

So, we don't know yet to forecast that. A year ago, the expectation that was there and the buzz that was there in the industry was that this cost impact is significant enough that the entire 2026 calendar year will be full and will be a record year. And in fact, they will not be able to meet the demand in 2026. And so, some of that pre-buy effect will even come into 2025.

This was what a lot of customers were telling us about a year ago. Today, we are not hearing any of that. And so instead, we are hearing that there's a possibility that there might be a postponement of the norms. So very difficult to predict it at this point. But if it does remain, then I think the other question mark that's there is also in terms of the steel tariffs because trucks do use a significant amount of steel.

So is there an expectation that this might reduce or this might increase and all of that. So, we don't really know at this point, but it's very hard to figure out and there is significant chatter going around that this might get postponed. And in terms of your second question that you had, I think in terms of the kind of growth that we expect to see, I think a couple of quarters ago, I put the number of new business that we are working on that we expect to win at a number that would be somewhere between \$20 million and \$60 million a year going forward.

I think right now, we believe that that number is probably closer to the \$60 million than it is to the \$20 million. So, in terms of growth that we would expect to see out of our new businesses that we are winning, that number would be somewhere close to that higher end of that range that we had talked about 6 months ago.

Khush Nahar: So, this will reach the ramp-up stage by which year, the new products

P. Deepak: So, I would say probably we're talking about FY28 time frames. And in fact, we do have some programs that we're working on right now that would reach full maturity in FY29 as well. So,

there's one of the parts I mentioned briefly in my speech was the electric power steering. And so, this is a program that we'll launch in early 2028. And so, we really see the impact of that even in FY29. But I think overall, things are quite positive even on our fronts.

Moderator: The next question is from the line of Vidit Shah from Spark Capital.

Vidit Shah: Congratulations on a good set of numbers. Just one question on me in terms of the capex plan. So, if we are on cost to do about 1 lakh tons this year, we get to about 62% or 63% utilization. Any plans that we are looking at setting up additional capacities? And if so, when do we start deploying money and when do we expect this to come?

P. Deepak: So, we're still targeting, and we still believe we can achieve that number of 1 lakh tons this year. I think with our existing capacities that are there, as I mentioned, the 1,25,000- 1,30,000 as well is very much in a feasible range. I think we'll have to do a little bit of debottlenecking, automate a few things, things like that.

So, no major capex in terms of whether it's Greenfield or brownfield that we are anticipating that is required to meet our growth for the next 2 years. I would say maybe we might start, if the growth opportunities continue the way it has been going, we would start thinking about it in about a year and maybe because it would take about 1.5 years or so to actually execute.

So, we still have significant headroom, including the fact that we can add additional furnaces in our existing plants and increase our capacity and produce another 40,000 tons or so. So we should be in quite good shape that way.

Vidit Shah: Okay. Understood. And that additional 40,000 tons, what sort of capex would that require?

P. Deepak: So again, it would be a little bit more product-specific depending on exactly the kind of products that are there. So, depending on that, there might be some specific equipment that's required. But in general, it would be only for the extra 40,000 tons or so, it would only be about at this point, we think it's INR50 crores or less.

Vidit Shah: Okay. Understood. So, we continue with the maintenance capex of about INR 30 crores for the foreseeable future with potentially some debottlenecking investments?

P. Deepak: Yes. And if I am coming back at some point and telling investing in a new facility, it means that there's undoubtedly going to be a huge business win that's huge.

Moderator: The next question is from the line of Ajit Sethi from Eiko Quantum Solutions.

Ajit Sethi: Sir, previously, we had given a guidance of EBITDA per kg of INR15 in FY27, and we have achieved INR 14.7 in FY26. And going forward, we have new products in our pipeline, which will come in Q4 or Q1 in FY27 and which are of better margin. So, what kind of EBITDA margin improvement we can expect?

P. Deepak: So, I think we've been talking about getting to INR 15/kg for the last 3 years or so. I think we want to get there and sustain it. But at the same time, with a lot of these new products that are

coming in, we do expect that the initial days will be a lot more challenging because these are very complex products that we are producing for the first time.

So, there are going to be manufacturing challenges that we will have to overcome in the short term once these products launch. But going beyond, I think we would like to push that number forward.

So, what does that mean exactly, would we want to push INR 15/kg up to INR 18/kg or INR 20/kg? Yes, absolutely. That's what we would want to do. But we don't have a specific time frame that we would put in front of that.

Ajit Sethi: Okay. Helpful. And sir, in the previous con call, we have guided 80% capacity utilization in FY27, and we are staying with that guidance, right?

P. Deepak: No, I don't think we said for FY27, 80%. I don't believe that.

S. Sivakumar: 130,000.

P. Deepak: Yes. So, I think what we've said is what we can achieve is about 80% of our overall capacity. So, without any capex, we would be able to get to about 130,000 tons or so approximately other than the regular maintenance capex and some automation capex and all of that. But I don't believe that we guided that for FY27.

Ajit Sethi: So just to confirm, we can do 130,000 volume in FY27, right?

P. Deepak: No, no. I mean maximum possible is that. Maximum possible is that but I think that's overly aggressive to say that's what we would expect to do. I don't think that's a fair expectation.

Moderator: The next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar: Sir, how much would be our machining percentage in our product basket? And is there any target to increase that?

P. Deepak: So, if you look at our machining, we outsource most of our machining. I would say probably about 90% of our machining is outsourced. And about 70% or so of our overall products are supplied to our customers in a machined condition.

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

Saket Kapoor: Sir, firstly, when you mentioned about the tariff implementation to be the total, it will be a pass on to your customers. So as a value proposition, what percentage do casting forms to the total cost of the vehicle, sir?

P. Deepak: I mean, if you look at what we are doing, let's say, for example, the components that we are doing that are going into the vehicle, let's say, on a big Class 8 truck that's probably selling at about \$200,000, we are talking about maybe \$300 or something in that range, like \$300 to \$400 range.

- Saket Kapoor:** Okay. So, 25% would be making it from, say, 300 to 375. So, that would not be a very major shift. That is why the reason that gives you the confidence that it would be a pass-on complete?
- P. Deepak:** No. So, I mean, the pass-on, I think, has a lot more to do with competitive dynamics. So, I believe that if you were to look at a US supplier of these products and say, what is the cost difference between us and them today, I believe that number would be in excess of 25%.
- The other part of it is if you were to look at the capacity that's available for somebody to say, okay, now I want to start making this in the US, that capacity is not available there and I do not see anybody investing in this capacity. And honestly, nobody has really invested in any capacity to produce iron castings in the US in any significant way in the last 30 years. So, I don't think that the tariff will also change that significantly.
- Saket Kapoor:** Okay. Sir, we did export for the first quarter valued at INR 115 crores. So, taking into account what was the peak number, sir, in terms of the value of export? And for a year as a whole, with our tonnage closer to 1 lakh, what should we be eyeing in terms of this number to shape up?
- P. Deepak:** So, I think the highest that we have done in a quarter in terms of export is about INR 126 crores. I believe that's the highest that we've done. In terms of the year, like I said, this year, the challenge is going to be with all these tariffs as well as some of the forecast that we are seeing that's there. Sorry, INR 129 crores was the highest export that we've done in a quarter. But we are a little uncertain.
- We think this quarter we are not volatile. I think we might see a slow quarter and then we might see a significant bounce back the following quarter. So, this year is going to be a lot more harder to predict just given the amount of uncertainties that are there.
- Saket Kapoor:** Okay. But still, we have the visibility for reaching the tonnage for 1 lakh that is including domestic and the export mix. That is, we are envisaging the same?
- P. Deepak:** That is exactly what we are envisaging, yes.
- Saket Kapoor:** Okay. And sir, then lastly on this part, just a second, sir. Sir, if you could give me just the number for the tonnages, for the current quarter FY26, the comparable number for Q1FY25 and the last quarter numbers in that manner, please? And what are we expecting in terms of tonnages for the current quarter? We are already 1 month into it.
- P. Deepak:** Yes. So, our production and sales quantity for the Q1FY26 was 22,000 tons.
- Saket Kapoor:** Okay. And the comparable number, sir?
- S. Sivakumar:** Yes. Q4FY25 23,138 production and dispatch 21,316.
- Saket Kapoor:** Okay. And what are we expecting for the current fourth quarter, please?
- P. Deepak:** Q1FY25, production quantity was 18,994 and sales quantity was 19,977.

- Saket Kapoor:** And taking into account all the factors, how is the current quarter shaping up in terms of tonnages in terms of 22,000 some number which we did for Q1, what is the likelihood?
- P. Deepak:** I think given that tractor demand at the moment at least looks strong, we're about 1/3 of the way through the quarter. We expect it to be fairly similar. But the mix will be a little different. I think we'll see a stronger quarter tractor percentage happening in this quarter and probably a slightly lower M&HCV as well as export percentage in this quarter. And then I think in Q3, then we will see probably the reverse of that happening.
- Saket Kapoor:** Okay, sir. And lastly, on the efficiency part, I think so for this quarter, the other expenses line item as a percentage of sales have shown a good downward trend. So are these the effect of the efficiencies which we were talking earlier? And how is the power and fuel mix going to be? And what type of gains or efficiencies we should build in going ahead?
- P. Deepak:** So, I think there's a couple of things. One, I think it's been a pretty good year in terms of generation on renewable energy in terms of power and fuel. I think we will see this year will probably be our highest percentage of renewable energy. We have some new investments also that are coming online in the wind and solar space that will help us with this. I think overall, other expenses were better controlled.
- P. Deepak:** I think it's more of a product mix and a volume.
- S. Sivakumar:** Product mix and volume.
- Saket Kapoor:** Yes, sir. And last point is again; son the Class 8 part and I will join the queue. Sir, if you could just explain what were you trying to conclude from the Class 8, the tariff on aluminium and copper? I just mixed it up, sir. If you could just explain this in understanding and how it was going to impact us? Yes. Please, sir.
- P. Deepak:** So originally, on aluminium and steel, they had put a 25% tariff, I believe. And then at one of the rallies, then Trump has increased that number to 50% tariff on imported aluminium and steel. And the US doesn't yet have enough capacity to produce all of the steel that it requires. So, because of that, there is an increase in the steel prices that's there in the US market.
- And because steel is more expensive, obviously, the cost of making steel products is more expensive and therefore, the cost of the truck, which uses a lot of steel products is more expensive. So as a result of all of these, the cost of the trucks has gone up. And majority of this is getting passed on into the pricing of the truck. So, if the price of the truck goes up, obviously, it impacts the demand.
- And so, we are seeing that there are forecasts out there that show a fairly significant drop in orders as well as a forecast for future orders of trucks because of the increase in the truck price. So, we will have to wait and watch and see exactly how it materializes because these are cyclical commercial vehicles, these Class 8 trucks are fairly cyclical and have pretty big peaks and valleys.

But at the moment, the forecast doesn't look very positive on the sales numbers. And as I mentioned, I'm not concerned about us losing any business in terms of our share of business, but I do have some concerns in terms of what the overall market itself might degrow significantly. So that's something that we're watching closely.

Saket Kapoor: Congratulations on delivering the same and all the best for the AGM scheduled today afternoon. All the best to the team. And if Siva sir can give me any change in the net debt number, sir? And what are the current maturities that could be?

S. Sivakumar: Yes, currently repayment would be about INR 39 crores. Net debt as on 30th June, it's about INR 250 crores.

Saket Kapoor: Okay. Sir, any plans to reduce it now with the improved cash flow or we will keep that as buffer for working capital requirement?

S. Sivakumar: Yes, we keep buffer for working capital requirement.

Moderator: The next question is from the line of Ajit Sethi from Eiko Quantum Solutions.

Ajit Sethi: Sir, we will be doing 1 lakh ton volume in FY26. So, what kind of volume growth we are expecting in FY26-27?

P. Deepak: Yes. I think it's a little early to estimate that given we're still developing a lot of the products that will come into production and still a little uncertain in terms of how the markets look. I think our goal would be to target at least a 15% growth, if not more. But like I said, this is a very forward-looking statement in terms of what we would want to do.

Moderator: The next question is from the line of Vinay Mota from an Individual Investor.

Vinay Mota: Sir, with this duty of 25%, will it impact our margins in Q2?

P. Deepak: So, we believe that all of this will get passed on to the customer. That is what we expect to see. I think I did mention earlier that there might be some impact in terms of overall volumes, as I mentioned, but I don't believe this will impact our share of the market or it will impact in terms of the margins of the specific product. There might be a small-time lag of a month or two between the tariffs getting notified versus when we get compensated. But –that's also we think is very unlikely.

Moderator: The next question is from the line of Shubham from RV Investments.

Shubham: Sir, what are your projections for the revenue in terms of monetary numbers? Like you have said 1 lakh volume, but can I get the numbers?

P. Deepak: So, I think if you look at it from a revenue perspective, I think we are averaging at about INR 150 per kg. So, 1 lakh tons will roughly translate to about INR 1,500 crores or so.

Shubham: Okay. And what about the order book we have in our hand?

- P. Deepak:** No, we don't really talk about order book because it changes really from month-to-month as our customer schedules change. So, what typically, they give us an open purchase order and then every month based on their production plan, their sales plan and their product mix, we get the order for the specific part. So, there is not a specific order book number that we normally refer to.
- Shubham:** Okay. And then out of this 1 lakh ton of revenue projection, how much will be from exports in US?
- P. Deepak:** So, I think if you look at the number last year in terms of a revenue perspective, it was about 36% was our overall export revenue. We hope it will stay something in that ballpark this year. Next year, we think it will have a fairly big jump. But this year, I think it will be probably in a similar kind of a ballpark.
- Moderator:** That was the last question for today. I now hand the conference over to Deepak sir for closing comments.
- P. Deepak:** Thank you, Pallav. Thank you, everyone, for joining us today. We appreciate your continued trust in Nelcast. We remain focused on executing our strategy with discipline, driving innovation and expanding our exports as well as improving our operational leverage. FY26 is about building a strong foundation, and we are confident that the groundwork laid this year will translate into robust growth and value creation in the years ahead. Thank you all very much.
- Moderator:** Thank you, sir. On behalf of Nelcast Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.