



# KALYANI CAST TECH LIMITED

(Formerly Known As; "Kalyani Cast Tech Private Limited")

Date: 05.06.2024

BSE Limited  
P J Towers  
Dalal Street, fort  
Mumbai – 400 001

COMPANY CODE NO. : 544023

Sub: Transcript FY24 Earning Conference Call

Dear Sir/Madam

Please find the attached Transcript in respect to the earning call held on Saturday, June 01, 2024 at 12.00 p.m. (IST) to discuss the Financial Performance of the Company for the Half year and financial year ended on March 31, 2024.

Yours faithfully,  
For Kalyani Cast Tech Limited

Jayashree Kumar  
(Whole Time Director)

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**KALYANI CAST TECH LTD**

“Kalyani Cast-Tech Limited  
FY24 Earnings Conference Call”

June 01, 2024



**KALYANI CAST TECH LTD**



**MANAGEMENT: MR. NARESH KUMAR – CHAIRMAN AND MANAGING  
DIRECTOR -- KALYANI CAST-TECH LIMITED**



**Moderator:** Ladies and gentlemen, good day and welcome to Kalyani Cast-Tech Limited FY 2024 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Naresh Kumar. Thank you and over to you, sir.

**Naresh Kumar:** Thank you, Mr. Sagar. Dear Kalyani family, Namaskar. Today's brief agenda about this con call is some of the shareholders are new. We will be telling about our company, brief introduction of our promoter group. We will discuss the financials of FY '23 '24, future plan and then what are the major drivers of our growth. We will be discussing that also during our conversation.

So about the company, the company has started its operation in 2014 as a small steel foundry and major customer at that point of time was Indian Railways. In 2021, the company has diversified into container manufacturing and made the dormant sector live and bubbling. Earlier, there was not much of container manufacturing activities were taking place in India.

So, we are the basically driver for this kind of manufacturing. The company has manufactured more than 8,000 containers in these three years till now and saved almost 220 crores of foreign exchange in the last three years. The company's main focus is to design and develop containers for the clients in order to reduce their unit cost of transportation.

As you may be aware that reduction of logistic cost is the focus point for the government. Comparatively, our logistic cost in India is higher compared to other developed economies. So, our focus is to how we can reduce the transportation cost of our customers besides of course, the manufacturing of these kinds of containers.

Our innovative ideas are appreciated by Minister for Railways, Mr. Ashwini Vaishnaw, Government of India and he along with 150 railway officers visited our plant to appreciate and understand various innovative ideas we do and which are benefiting Indian Railways. So, now I will be giving you a brief introduction about our promoter group. I am Naresh Kumar.

I am MTech in Mechanical Engineering from IIT Madras. I served Indian Railways as Class 1 officer for 17 years. I have been the architect of many innovative works on Indian Railways like running of double-stack trains, running of double-stack box container trains for rectified route.

I have been engaged in design, development and manufacturing of special containers in order to reduce unit cost of transportation. Our mission is how we can reduce the logistic cost overall. Another promoter group is Mr. Jai Prakash Bangani. He is basically based in Calcutta. He runs his own NBFC firm and he helps the company in making strategic planning and advice on financial matters. The third promoter group is Mr. Javed Aslam. He is a civil engineer. He is



running his own business of real estate in India and abroad and he advises the company on strategic important issues. Now, we will be discussing the financials of the FY 2023-2024.

The highlights of the financials are total income has increased by 50% from INR 6336 to INR 9511 on a year-on-year basis. EBITDA has increased by 21% from INR11.65 crores to INR14.13 crores. Profit before tax increased by 22%, that is INR13 crores against INR10.76 crores. Profit after tax, that has also increased by almost 19%. INR960 lakhs against INR8.05 crores. And the number of vehicle terms also, we have increased the number of container manufacturers by 50% from 2370 to 3550 containers. Basically, we make various kinds of containers like 20 feet, 40 feet, 40 feet, heavy strength, 40 feet, 42 feet for coils, etc.

So, there is a unit called TEU, that is 20 feet equivalent. The cost of the TEU is INR2.66 lakhs and whatever the cost of the container, we divide it by that. So, the number comes from there. The earning per share has substantially increased from 6.06 to 16.43. The book value per share is now INR70.13 against INR28.50. Current ratio increased to 3.99 from 2.3 on a year-on-year basis. Debt-to-equity ratio has decreased substantially from 0.24 to 0.15.

Now, I will be discussing about major clients during the previous years. The biggest client has been DP World, CJ Darcl, Tristan Logistics, Navkar Corporation, [Macdonald Oak Logistics Limited]. There is a Government of India company under Ministry of Defence. Silmar shipping of Russia, that is, we have done for export to come as for them.

Now, I will be discussing what is the status as of now for the FY25. The company has sufficient order for this year and there is a lot of buoyancy in the sector comparatively. And we have got orders for special containers like door containers for steel products, 42-foot containers, 40-foot containers for coil and pipe transportation.

And in addition, we have got 20-foot containers for enhanced capacity, which are the side access doors also. So, presently, in last two months, we have got orders of around 80 crores for this financial year for around 2,400 TEUs for this FY. And we are expected to complete these orders by 15 October 2024.

And now, we are negotiating for further orders. So this time, we will be purchasing almost 5,000 containers in this FY that is 3,550. So in order to see the buoyancy in this sector, the company has taken advanced steps in increasing the capacity to meet the increased demand of our customers.

So we are adding additional cranes. Shear and bending machines, we have already added one set each. And we are developing some of the little less area for the productive use. The approximate cost of this capex will be around INR100 lakhs, around INR1 crore. And we have, in addition to the above customers, we have added two, three new customers at this point of time during this FY. We are expecting good amount of orders from them.

Again, the major driver for the growth during this year or the years to come, Indian railways have liberalized its maximum dimension compared to the previous one. And now, we can make more higher containers. You can load in the light cargo to the capacity of the wagons.



So this we have already got orders from our one of the customers. And we have three containers for steel products and pipes. Our focus in this FY this year and the year ahead would have been customized containers for the bulk cement and flyers, customer bulk food grains.

There is a lot of focus of Indian railways also to increase their commodity basket and to enter into the more fish goods, which can be transported through rail. So, container will be used for those kinds of cargo and fish goods. Another big development which is taking place for us is that till now our focus had been in the domestic market.

Now, we wanted to enter into the global market also. And in this regard, we have engaged a consultant in Dubai for exploring possibility of setting up of a container manufacturing somewhere in UAE to get one, to take advantage of these CEPA agreements with various countries of the UAE. Jafza and Dubai Government are very keen to have this kind of facility in UAE.

And we have got number of meetings with their higher officials in this regard. Thank you for your participation in this call and listening to us patiently and assure you that your company is in the safe hands. We would like to hear your valuable suggestions and questions. If any, please feel free to ask any clarification. Thank you so much.

**Moderator:** Thank you very much. We will now begin the question and answer session. Our first question is from the line of CA Garvit Goyal from Invest Analysis Advisory. Please go ahead.

**Garvit Goyal:** Good afternoon, sir. My first question is on our margin side. So we were having the margins of somewhere around 4.5% in FY22, which further increased to 18% in FY23. And currently at 14%. So my first question is, what is the expected sustainable margins moving forward? And what are the factors that have contributed to these significant margin fluctuations in the past?

**Naresh Kumar:** So you are comparing three years now, 22, 23, 24?

**Garvit Goyal:** Yes, yes.

**Naresh Kumar:** Basically, you see, we have started the container manufacturing in 21 only on the major scale. And that was our first year of manufacturing containers. And we took orders considering the steel prices at that time, which are prevalent due to COVID, the steel prices were very low. But suddenly, after around six, seven months, the steel prices have increased substantially. So there is less margins at that point of time. And we wanted to get more orders, margins were also less during that period.

While the situation has slightly reversed during the later years in the '23, '22, '23 years. So there we have got good margins. For the '23, '24, if you see the first half, we have got EBITDA of around, what is the percentage?

Around 16%, 17%. For the second half, it has come down to 14%. The main reason for this is that during the second half, we have got some government orders, we wanted to have our credentials for the government orders also. So we have to take those orders on tender. So their margin was slightly lower compared to other containers.



- Garvit Goyal:** So how the margins will shape up going ahead? Like what kind of sustainable margins?
- Naresh Kumar:** Basically, let me tell you, PBT and all, I will not be able to comment, but I will be able to comment on PAT. PAT will be between 10% to 13%, anywhere 13%. Yes. Basically, you see, this time, we are expecting to grow by 40% to 50% during this year. And our PAT will be around 10% to 13% of that.
- Garvit Goyal:** 10% to 13% is the PAT margins and 40% to 50% is the top-line growth. Is that...
- Naresh Kumar:** Yes, top-line growth. Top-line growth. Because you see, we have already got INR80 crores of orders that we'll be able to complete by the 15th of October. So we'll go to another 5.5 months to reach to that point. And there is a good buoyancy in this sector at this point of time.
- Garvit Goyal:** Understood, sir. And, sir, you mentioned, like, we are focusing on the specialized containers. So is there, like, we are participating for the government projects. So who are the other competitors? Like, why we have to compromise on the margin side that you mentioned in second half, we should be...
- Naresh Kumar:** There are small competitors. Like, one is the DCM container and there is a DB Shipping container. There are small, small competitors which take the small, small orders and competition for this.
- Garvit Goyal:** Understood, sir. And, sir, like, what are the new business opportunities or any kind of diversification that the company is currently exploring? So can you put some color on that apart from this container business?
- Naresh Kumar:** You see, we have got some plans for the diversification. At this point of time, it is still on the drawing board. Once the things are at a certain point of time, then we will let you know through our BSE Exchange or this thing.
- Garvit Goyal:** There is nothing specific right now, right?
- Naresh Kumar:** No, plans are there, but they are on the drawing board. Unless they shape up to some extent, we do not want to disclose that.
- Garvit Goyal:** Understood. And, sir, lastly on the steel prices, like, how do you see our business getting affected from the fluctuation in the steel prices? Like, whether we are able to pass on the effect of the increase or decrease in the steel prices or how do you see it going ahead?
- Naresh Kumar:** You see, basically, fluctuation, organic fluctuation in steel prices are sometimes INR1 higher or sometimes INR1 lower. So that does not make much of a difference. So, say, per container, we use steel around 1,800 kg to 1,900 kg. So if it is INR1 difference, so maybe adverse impact of INR2,000 on the margins, or sometimes if it is lower, then it will be around INR2,000 bonus for us. So that note, that doesn't reflect much, unless there is a COVID-like situation, where the fluctuations were very high.
- Garvit Goyal:** Actually, my question is more towards the passing on effect, like whether if there is an increase...



- Naresh Kumar:** No, we have got fixed price orders. We have got fixed price orders. We don't have any price variation clause in our orders.
- Garvit Goyal:** So in that case, obviously, if there is an increase in the raw material, our margins will get impacted, right? Is that understood?
- Naresh Kumar:** Slightly, yes. Generally, our orders are not more than three to four months old. So we complete those orders within three to four months. And then the price order will be at the basically revised steel cost and other raw material cost.
- Garvit Goyal:** Understood. And so you mentioned we have INR80 crores of order books, which will get executed by October '24. What kind of new negotiations that we are into currently, which will further drive the growth for the rest of the year, like you mentioned, 40% to 50% top-line growth?
- Naresh Kumar:** This time we have got good inquiries and we have been negotiating with them and we have given them the timelines and all these things. So as I told you...
- Garvit Goyal:** What is the pipeline size that we are into currently?
- Naresh Kumar:** So we told that INR80 crores we have already got, we will be around INR140 crores to INR145 crores to INR150 crores this time.
- Moderator:** Thank you. The next question is from the line of Rohit Singh from Nvest Analysis Advisory. Please go ahead.
- Rohit Singh:** My question is already answered.
- Moderator:** Thank you. Our next question is from the line of Ayush Wadwani from Folgans Capital. Please go ahead.
- Ayush Wadwani:** Just wanted to know total order book as on date. Can you mention it?
- Naresh Kumar:** Yes, that I mentioned. At this point of time, we have got order book of around INR80 crores.
- Ayush Wadwani:** I thought it's still in October?
- Naresh Kumar:** No, no. Order book is there, but these are to be completed by the first week of October.
- Ayush Wadwani:** I just wanted to know current capital, our current utilization of our plant of containers, basically?
- Naresh Kumar:** The current utilization is around 70% to 75%.
- Ayush Wadwani:** Okay. Any future plans for any capex for production?
- Naresh Kumar:** I have mentioned around that we have already planned the capex of around INR1 crore. Okay. Out of which around INR30 lakhs we have already utilized. And INR70 lakhs we will be utilizing within 1, 1.5 month.



- Ayush Wadwani:** Any future plans for fundraise or anything specific for any diversification as you said?
- Naresh Kumar:** We may require if our Dubai project takes some sales, that at that point of time we may require some funds.
- Moderator:** The next question is from the line of CA Varun Agarwal from Networthy Financial Services. Please go ahead.
- Varun Agarwal:** Thank you for the opportunity. Sir, we have seen a slight drop in revenue in H2 compared to H1. Can I know the possible reasons for that?
- Naresh Kumar:** Yes, that is there. As I explained to you that in the second half, the steel prices were almost INR3 to INR4 lower than the first half. So, we have to give these discounts to our end customers because we can't keep the charge in higher prices. That is number one. Number two, as I told you that we have to take certain government orders. So, we have to keep the margin and the top line both on the lower side.
- Varun Agarwal:** So, you mean to say that in H2 compared to H1, volume-wise we have shown growth, but value-wise it is down?
- Naresh Kumar:** Yes, we are almost the same. That number of containers countries. Just a minute, please. In the meantime, you can ask some other question. I asked my CA to see that.
- Varun Agarwal:** I did not hear the comments about the Dubai expansion very clearly in the opening commentary. Can you update me on the status of that?
- Naresh Kumar:** So, I read that paragraph again for this thing. Your company has been among the leading players in the domestic market. Now, it has planned to go into the global market, making the world a battleground. In this regard, we have engaged consultants in Dubai for exploring the possibilities of setting up a container manufacturing plant in UAE. To get advantage of SIPA and with various other countries, including India.
- Jafza, that is Jebel Ali Free Trade Zone Authority and the Dubai government, they have visited us in India and we have also visited them in Dubai. And so, we have got a number of meetings in this regard. Am I clear so far?
- Varun Agarwal:** Yes, sir. So, whatever is the conclusion of this visit which they have done, that will come forward before us this year itself, right? Whether it is positive or negative?
- Naresh Kumar:** Basically, we have to evaluate that, we have to keep our viability intact. So, that is not that effective because then we will be entering into the exit market and China will be the direct competitor in that. So, they are offering some PLA kind of thing also. Let us see how much we will be able to convince them. So, we are keeping our finger crossed at this point of time on the project. So, we are taking help of the consultant who is Dubai based.
- Varun Agarwal:** Right. And compared to last year, our trade receivables have jumped from 1.64 to 16.4. So, are we facing any slowdown in the payments from our data?





**Naresh Kumar:** Just a minute. What is your question? Trade receivables.

**Varun Agarwal:** Compared to last year, our data or trade receivables have increased quite a lot. So, our payments are in time or we are experiencing any delay in payments?

**Naresh Kumar:** Actually, you are asking of the...

**Varun Agarwal:** Your customer payments.

**Naresh Kumar:** Debtors. Yes, debtors basically mainly that good amount of money was stuck up with the government department because they have got their own cycle which is primarily produced from the March and last week of the February.

**Varun Agarwal:** So, post the end of this year, have we received this money or it is still stuck?

**Naresh Kumar:** Yes, we have received, we have received.

**Varun Agarwal:** Okay. And are we facing any pricing pressure from the competitors? That is why we are feeling pressure on our margins, sir?

**Naresh Kumar:** That was primarily for the government containers which are to be taken on the tender basis, not on the one-to-one negotiation.

**Varun Agarwal:** Okay. So, the volume number, were you able to check, sir? Volume, H1 versus H2 volume?

**Naresh Kumar:** H1 we have manufactured 1,850 containers and H2 1,700 containers. So there is a dip of around 150 containers.

**Varun Agarwal:** And FY25 what is the number we are targeting sir?

**Naresh Kumar:** Around 5,000.

**Varun Agarwal:** Okay sir. Thank you so much and all the best sir.

**Moderator:** Thank you. The next question is from the line of Bharat Bhusan who is an investor. Please go ahead.

**Bharat Bhusan:** I have a simple question. We have an order book of INR80 crores. Am I audible?

**Naresh Kumar:** Yes please go ahead.

**Bharat Bhusan:** Yes we have an order book of INR80 crores, can you bifurcate out of this INR80 crores how much is your inland container and how much is for the EXIM containers?

**Naresh Kumar:** Basically these are all domestic containers. EXIM is always a bonus for us, but as I told you basically the containers which we manufacture are being used by the container train operators who has license to run their own container trains from Indian Railways. So basically presently the whole order book is from the domestic containers only.



- Bharat Bhusan:** So can you please put some color on that? Is there any problem with our prices of the EXIM containers because there are some Indian container line companies who are placing orders for EXIM containers either with some Ahmadabad based companies or some Chinese companies, but why we are not able to compete with Indian companies for EXIM containers?
- Naresh Kumar:** You see there are very few requirements of the EXIM containers for the Indian companies. Basically there is not a big shipping line. The EXIM containers are owned by the shipping lines and there is no big shipping line in India which operates container ships from out of India. And China has got the advantage in this regard because one is the economy of scale, another is the government support in terms of PLI.
- Third is that China is a net exporting country. So with the container they even bring the cargo also. So that the empty repossessing cost becomes zero in fact they earn out of it. So these are the advantages which will come to us maybe next 3 years to 4 years when we will be also doing a good amount of merchandise export and government may think of helping us in terms of PLI then we can enter into that also.
- Bharat Bhusan:** And what is our current capacity for manufacturing?
- Naresh Kumar:** Current capacity as I told you we are using almost 70% to 75%. Again we have taken measures to increase the capacity.
- Bharat Bhusan:** What is our total capacity monthly capacity?
- Naresh Kumar:** Monthly we can do almost 400 containers a month.
- Bharat Bhusan:** Thank you sir. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Jaideep from Sundaram Family. Please go ahead.
- Jaideep:** Thanks for the opportunity. Sir I have two, three questions. The first question is actually in H2 we mentioned we have delivered 1700 containers versus 1850. Was there any reason for this usually we tend to grow, but is there any reason for the slowdown?
- Naresh Kumar:** I didn't get your question. Can you repeat? The sound is also not very clear.
- Jaideep:** Sorry sir I will repeat once again. So in H2 we have delivered 1700 containers versus 1850 in H1. Is there any reason for the slowdown?
- Naresh Kumar:** You know there is not much of a reason for slowdown. There was a little bit of issue with the railways. They have increased the prices of their domestic transportation by 10%. So there was a little bit downtrend, but not much because that has been now covered and we have got sufficient orders on that account.
- Jaideep:** The second question I have is we have an order book of INR80 crores. Out of this how much is government and how much is private? I am thinking about the margin?



- Naresh Kumar:** This is around 300 numbers of containers which will be around INR10 crores is the government and the rest of the things are from the private.
- Jaideep:** So my third question is if you look at we are talking about 5000 containers in 2025. What is the overall market size in India meaning we are the market leaders, so how many containers are in demand in a given calendar year?
- Naresh Kumar:** So you see we are having 50% to 60% of share in the Indian market.
- Jaideep:** So it is around roughly 10,000 to 12,000 containers?
- Naresh Kumar:** Basically when we have started manufacturing in 2021 we were able to fulfil the increased requirement of the various container train operators. There are very few imports from China for the container.
- Jaideep:** Actually that was my next question sir. So for any demand in India how are we competing with China because, for example, they have super cost competition?
- Naresh Kumar:** You see from my introductory this thing our focus is on the spatial containers. We add some USP to even our normal containers, the standard containers. So that benefits to our customers. So if you are making any kind of modification from the standard then China is not cheaper because then it has to come as a product from them instead of a process line.
- Jaideep:** Actually I have seen one of your detailed videos. It was very informative. It is in YouTube. Yes I followed that. And my last question is you talked about PLI and is there any current proposal submitted to the government in regards to PLI or is it expected?
- Naresh Kumar:** Yes last year there is one organization called Scale. Basically that idea was to identify the companies which can be given to PLI and all these things. So container manufacturing was one of them and we have gone up to quite the thing and afterwards I don't know what has happened and the selection came. So let us see with the formation of the new government something will happen on this.
- Jaideep:** Okay. Sir one more question. So we are doing a capex of INR1 crore. How many containers will it increase in terms of capacity right now we are at 5,000?
- Naresh Kumar:** So basically, these incremental things are to reach up to 5,000 only.
- Jaideep:** So then actually in 2023 we will reach 5,000 and then we are already our capacity is 5,000 then how will we grow?
- Naresh Kumar:** Capacity is slightly higher, but we will be able to reach with this kind of arrangement up to 5,000. I think capacity is not only dependent on the physical parameters then you have to have the manpower and all these things also additional. So that we are looking into those things.
- Jaideep:** Sir actually I really appreciate all the hard work done by your team. I have seen your videos and all the very best. Thank you very much.



- Naresh Kumar:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ashok Balani who is a retail investor. Please go ahead.
- Ashok Balani:** Sir actually my question is regarding your plant. Basically you have mentioned that your plant is on lease or some rental and it's going to expire on 2024. So what's your plan further, any problem with this rental agreement?
- Naresh Kumar:** You see the land is partially owned by company and partially owned by the promoter itself me and my wife. There is no question of any expiry of the lease.
- Ashok Balani:** Second question is regarding what's the margin for the domestic and export and what's your vision for the next 5 years?
- Naresh Kumar:** Yes you see that our primary focus is on the domestic container only. Export as I told you unless government supports us in terms of PLI, it's difficult to go for the export containers. So our focus will be in the domestic market only and as I don't know whether you're aware there are around 20 companies who have registered as a container train operator with Indian Railways who are paying license fee of INR50 crores each and out of these 20 this thing around 6, 7 are our active customers who are purely in the domestic transportation and others are doing the EXIM transportation.
- EXIM transportation is basically taking the container from the ports to the interland and then taking export from the interland and then transporting to the ports. So those containers are owned by shipping lines. As I told you that in India there is not a major container shipping line who requires containers.
- So our focus will be on the domestic. And at point of time railway carries almost 1580 million tons of cargo and there which is around 22%, 23% of the total transport requirement. So as per policy guidelines of the government this particular 22%, 23% has to go to 45% which translates into almost more than 3,000 million tons by year 2030 or maybe 2031. So the major increase in this has to come from the balance of goods like finished goods and other this thing. So there is a good requirement of the containers now and in future also.
- Ashok Balani:** Okay actually we have a more concern about your number of customers. Basically I have seen that most of the revenue is from the seven of your customers. It's a very concentrated revenue. So is there any plan to..
- Naresh Kumar:** You see let me tell you this thing. We have been trying to grow that's not an issue. The issue is if one customer is down in one particular year the other customers come into picture.
- Ashok Balani:** So is there any specific plan to increase the operating margins because from 18 to 14?
- Naresh Kumar:** You see in the first year itself we have outsourced so many activities to our sub-vendors, but in this financial year we have outsourced INR100. Now we have outsourced only INR5 at this point



of time. So 95% of the activity we have started doing ourselves. So that will certainly increase our margins without affecting the top line.

**Ashok Balani:** Sir we have a total belief on your leadership and best of luck sir. It's all questions from my end/

**Naresh Kumar:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Jaideep Rai who's an investor. Please go ahead.

**Jaideep Rai:** My question is already answered.

**Naresh Kumar:** Thank you.

**Moderator:** The next question is from the line of Ankur, who's an Investor. Please go ahead.

**Ankur:** Sir, on this government order, can you give us some color which departments we got these orders from?

**Naresh Kumar:** Basically, it is like this, that three years back, CONCOR has given orders to various organizations. One of them was MDL, Mazagon Dock Limited, which is under Ministry of Defense. So, they also got orders for 1,500 containers. So, they could not make it, so they outsourced to the other people to manufacture for them. So, we got basically, effectively, CONCOR container orders through them.

**Ankur:** Understood. And, sir, because this was a tender-based, was China allowed to bid for it, or was it only open for the West?

**Naresh Kumar:** Basically, those were by the government, as you know, government has disallowed the Chinese participation for their own...

**Ankur:** Their own participation. Okay, perfect. And, sir, in H2, were there any DFC double-stack containers delivered, or no?

**Naresh Kumar:** We had orders for, as I told you in my introductory statement, that this time we have got special orders for large containers for transportation of the steel products. So, we have given around 10 containers to one of our customers for the testing and prototyping and all these things. So, they, the next week onwards, they start from Mumbai to northern part of India, double-stack Dwarf trains carrying the steel products. And, hopefully, this will be successful, then there will be much more demand on this account.

And, as I think, I don't know whether you people have seen that this double-stack Dwarf container, now we have extended to Ludhiana and Kanpur also. So, very shortly, there will be trains running up to Kanpur and up to Ludhiana carrying these containers.

**Ankur:** That's good to know, sir. Sir, in INR80 crores of order book, how much is from Dwarf containers, double-stack?



- Naresh Kumar:** Dwarf containers at this point of time is hardly anything around INR1.5 crores. But, now, since the trials are going to be there within one week's time, so after that, we expect a good amount of order, at least in the next H2.
- Ankur:** Yes, sir. And, sir, that triple-stack container approval came from...
- Naresh Kumar:** Yes, basically, triple-stack, I don't know whether you are aware, but RDSO, which is the Research Organization of Railways, they've issued the speed certificate for running of these trains. And, I have started getting the inquiries from people that how we can operate it and all these things. So, let us see something will come out very soon.
- Ankur:** That's great, sir. And, sir, last question, of this 40% or 50% growth guidance, have you factored in anything from your UAE plant or that is not factored in?
- Naresh Kumar:** No, that is purely from this plant only, sir.
- Moderator:** Thank you. The next question is from the line of Deepak Agarwal from Impetus Advisors. Please go ahead.
- Deepak Agarwal:** My question is on product revenue breakup. I may have missed the initial part. So, in the last year revenue, how much was Dwarf containers? How much were the HDL containers? And, do you also sell castings? And, how much was that if you do that?
- Naresh Kumar:** Dwarf containers and I think this breakup is too much you are asking. Give me some time regarding that your first query. And, your second query was what?
- Deepak Agarwal:** Do you sell castings?
- Naresh Kumar:** You see, we have reduced the casting operation substantially. But, as a matter of fact, in fact, that is a positive point also for us because we are the only steel foundry in India who has been approved for making the corner casting for these containers.
- See, there are eight corner castings on the eight corners of a container. And, this is a very critical item because all the load is transferred through them and they take the maximum brunt of the handling. So, we are the only steel foundry approved in India by Lloyd Register UK for manufacturing of these castings which can be used in containers.
- We primarily make these corner castings for our own containers. And, other than that, we have got a small amount of private castings also for the private people who are our old customers. So, on this point, maybe around INR4 crores of turnover on that account.
- Deepak Agarwal:** Fine. So, the container that you make, is that different like somebody made a question on inland and in container? Are they different? Because on the multi-model to you is the same container which comes on ship that only goes on the rail and the road, right?
- Naresh Kumar:** Yes. Basically, the dimension wise, they are the same. Even if you want to put these containers on ship, you can put on them. But, the capacity wise, volume wise, they are different -- we make containers which can carry 70 tons of cargo. But, what they do is they put the cargo when the



container is loaded on the train itself and take out the cargo when the container is loaded on the train itself. They don't move the container as it is.

**Deepak Agarwal:** Okay. So, just want to get it clear that the engine containers can't be used by your customers whomever you are supplying currently?

**Naresh Kumar:** Basically, those containers, their capacity is not as high as is allowed on Indian rail, Indian conditions. And secondly, for the steel products, these containers cannot be used because they are generally the closed roof while we are giving them the open top so that they can load their steel coil or the slabs or anything from the top itself. So, those particular containers are not covered under ISO, you know, that existing sector.

**Deepak Agarwal:** Right. Okay. And who are your competitors? Can you name them, please?

**Naresh Kumar:** There are some competitors. One is the DCM container, another DPC thin line, one is APPL container.

**Deepak Agarwal:** Okay. Right. You made a subsidiary, KMT Engineering Private Limited. What is that for? What will that be?

**Naresh Kumar:** Basically, that is a subsidiary of Kalyani Cast-Tech only. So, we have some plan to basically have some diversification through that company so that we take advantage in terms of the lesser corporate tax and the small scale industries.

**Deepak Agarwal:** So, what diversification?

**Naresh Kumar:** That we will let you know in due course, maybe in another quarter.

**Deepak Agarwal:** Okay. So, you also, the Kalyani Cast holds 51%. Who holds the balance of 49% in that?

**Naresh Kumar:** Family.

**Deepak Agarwal:** Okay. You have some current investments in balance sheet of INR15 crores. But you made an investment of INR23 crores, but on the balance sheet, it is only INR15 crores. So, can you explain what is that?

**Naresh Kumar:** Say again.

**Deepak Agarwal:** In your cash flow, there is an outflow of INR23 crores for current investments. But on the balance sheet, there is a current investment of only INR15 crores?

**Naresh Kumar:** That actually, those details, let me ask my CA, then I will let you know. You can put up a separate question.

**Deepak Agarwal:** Okay. So, this year, you will, you know, your capacity around 5000, you will be doing 5000. So, next year, you will require for the next year, you will have to do capacity?

**Naresh Kumar:** We will be doing 5000 because we have to keep the extra capacity every time.



- Deepak Agarwal:** Okay. Even then for the next year, you will require capex, right?
- Naresh Kumar:** Yes. We also be making some money.
- Deepak Agarwal:** So, what I am asking is like, will that be incremental to balancing equipment or will you have to incur substantial capex for that?
- Naresh Kumar:** You see, as I think in the introductory part, we have mentioned about our overseas venture, if that comes out, then we require substantial capex.
- Moderator:** Thank you. The next question is from the line of Paramjeet Singh, who is an Individual Investor. Please go ahead.
- Paramjeet Singh:** Mr. Naresh, my question is, with so many trials and prototypes happening with Indian Railways, do you foresee demand for your containers to explode in two, three years?
- Naresh Kumar:** Basically, you see that whatever trials in the segment of containers are taking place, that is on our advice only. And we have been actively participating on those particular trials. And we have been suggesting to various government organizations like FCI and other people to have these kinds of special containers. So, the transportation, bulk transportation of food grains, flyers, cement, and all these things. So, we are actively participating and suggesting at various locations to Indian Railways at various levels.
- And then these things are happening. So, basically, you see, we are not only the container manufacturers, we are basically providing a logistic solution for particular commodity or particular product.
- Paramjeet Singh:** And Mr. Naresh, this train running is kind of privatized. But your customers, is it like these train operators buy containers from you on the recommendation by Railways, or how does it work?
- Naresh Kumar:** Yes, it is basically, as I told you, there are 20 companies who have got license to run their own train. So, out of that five, six companies are actively participating in the domestic segment. So, the domestic segment, these people buy the containers from, they own their own containers. So, they are our customers.
- Paramjeet Singh:** Okay, I get it. And I just, maybe I would have missed it. But your Dubai subsidiary, what are you planning to do there, sir, if you can explain again?
- Naresh Kumar:** Basically, you know, Dubai was primarily on the service segment. Now, they wanted to basically, also diversify into industry segment. So, when there will be a lot of industry, there will be the requirement of export from those countries.
- And Dubai has got an advantage in terms of they have got CEPA agreement with almost 20 countries, including India. So, CEPA means anything produced in Dubai, make in Dubai the custom duty is zero. And vice versa. So, similarly, they have got CEPA agreement with Malaysia, Indonesia, Bangladesh. They are having CEPA agreement with some African countries.





So, one thing is that we can meet the domestic requirement of these particular countries. Secondly, we have been negotiating with them to have to give some benefit to this industry because this industry will help them in terms of providing service to their industries and in helping the increasing the GDP of that particular country. So, we have been actively pursuing them. Let us see what the result will come.

**Paramjeet Singh:** And, sir, just to follow up, you will be able to complete on cost from your Chinese counterpart?

**Naresh Kumar:** Yes, basically, we have opened all these things that these are the Chinese cost and this is our cost, where in between you can help in this regard.

**Paramjeet Singh:** Okay. One last question, sir. What is your average order size per customer?

**Naresh Kumar:** This is a difficult question. So, order size varies between INR4 crores to INR20 crores.

**Paramjeet Singh:** Okay. And sir, you said you will be growing 50% this year. Do you foresee the same kind of growth rate for next three years, five years? What is your hunch?

**Naresh Kumar:** Yes, it should be.

**Paramjeet Singh:** You see that?

**Naresh Kumar:** Yes.

**Paramjeet Singh:** Okay. That's it from my side. Thank you very much and all the best.

**Naresh Kumar:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Chirag Jain from Yogya Capital. Please go ahead.

**Chirag Jain:** Yes. Hi, sir. Good afternoon and thanks for the opportunity.

**Naresh Kumar:** Yes, please.

**Chirag Jain:** So, sir, my question is a follow-up from the previous participant on the Dubai plant. So, how much cost are we expecting and how much would be the capacity plant that you have?

**Naresh Kumar:** Say again.

**Chirag Jain:** Dubai plant that we are targeting, what would be the estimated cost?

**Naresh Kumar:** There we have to have a good amount of economy of scale. We start with a plant which can manufacture 10,000 containers a year to 100,000 containers a year in three, four phases.

**Chirag Jain:** Okay. So, what's the cost we are expecting for that?

**Naresh Kumar:** Maybe around how much? Maybe around [USD50], USD1 million.



- Chirag Jain:** Sir, I missed the amount. INR50 crores?
- Naresh Kumar:** Yes, maybe. All these things are being worked out. The exact amount, I will not be able to tell you at this point of time. We have hired a consultant who's working on this.
- Chirag Jain:** Okay, sir. No issues. So, secondly, on the two segments that we operate in although you mentioned that the casting is on the lower side but can you give a break up of margins? What is the margin between container and the casting business?
- Naresh Kumar:** The casting business is very little bit and the outside casting is not even 4%-5% of the total revenue.
- Chirag Jain:** Okay, got it. So, next question is on the tendering process. So, how does a customer tender? We know the process. So, how does the negotiation take place? So, is it purely on the cost basis or is it on the quality thing that the customer looks into? So, can you give some color on that?
- Naresh Kumar:** Basically, there are three-four criteria the customer looks into the container requirement. Number one is that what kind of containers we can offer, at what price, what time and at what cost. So, we beat our competition in all these criteria. My capex is very low for this kind of turnover. I don't know whether you observed this kind of in the balance sheet.
- Chirag Jain:** Yes, sir. That was commendable because we have also linked bank with the promoter. So, the factory assets with the company are on the lower side. So, we enjoy much higher asset terms. So, that was noticeable.
- Naresh Kumar:** You see around INR6 crores-INR7 crores, we are doing the top line of almost INR95 crores-INR96 crores. So, that is good as far as the industry is concerned.
- Chirag Jain:** Yes. So, next question is on the customized products that we are entering into. So, do they have much higher margins compared to existing margins that we have?
- Naresh Kumar:** Yes, slightly. Yes.
- Chirag Jain:** Okay. So, it would be higher by 3% to 4%?
- Naresh Kumar:** I will not be able to put those figures because this is a public listing.
- Chirag Jain:** No issues, sir. Next on the dedicated freight corridor that you mentioned about, we have supplied 10 containers on that part. So, how are we seeing on that progress on that part?
- Naresh Kumar:** Basically, let me tell you. Please listen carefully. We have a container called DWARF container, which can be double stacked on normal Indian railway route under electrified segments and sectors.
- And there is one sector called Western Dedicated Freight Corridor that runs between Dadri, a place in UP almost near to Delhi. Ultimately, it has to go to JNPT but it is around 200 kilometers short of JNPT. But nevertheless, both of Pipavav and Mundra, they are already connected on that WDFC. So, on this WDFC, we can have triple stack of these DWARF



containers. So, that permission we have got from the railway. And now we are looking for the customers who can be benefited from this kind of operation.

Secondly, that what I told you about is the steel product transportation from Mumbai to northern part of India. So, that we have developed special DWARF containers which can carry 70 tons of cargo, each container. And our open top container, you can load or unload the cargo from these containers while either on rail or you can take the container to the customer site also.

There is no need to handle multiple times. So, you can take the container and open the tarpaulin and then you can lift the cargo. So, this particular container we have developed for the special kind of steel which requires weatherproofing. So, you cannot take them open. So, we have provided a very beautiful tarpaulin system for the roof, so that it can be handled with minimum labour and minimum time. So, that is basically that USP we have added to these containers. So, they are on the trial, 10 containers we have already supplied yesterday. So, within one or two weeks, they will get the trial and any issues come over. Then we are expecting good orders on that account.

- Chirag Jain:** So, have we seen some orders coming apart from the 10 orders, trial orders?
- Naresh Kumar:** Yes, we are already negotiating for 200 containers but there is a 20 to touch with the 10 containers.
- Chirag Jain:** Okay, got it. That's interesting to be dragged. So, lastly on the fixation plan that we have. So, what's the plan do we have in place?
- Naresh Kumar:** We have a long life ahead of us, don't worry about that.
- Chirag Jain:** I couldn't get you.
- Naresh Kumar:** Now, we have got lot of time to work, at the appropriate time. My both sons are engineers. So, if required then they will take over and come.
- Chirag Jain:** So, have they joined us or?
- Naresh Kumar:** No, they are not yet joined. They are doing the study in US.
- Chirag Jain:** Okay, sir. Thanks. That was very helpful and the commentary seems to be heartening. So, all the best for your future execution.
- Naresh Kumar:** Yes, thanks a lot. Thank you so much.
- Chirag Jain:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Rohit Singh from Nvest Analysis Advisory. Please go ahead.



- Rohit Singh:** Sir, from this commentary, basically I have two concerns on the future growth strategy. One is our capacity, which you are saying will be 5000 and we will do that much volume in FY '25. So, first question is what after FY '25, sir, like how do we grow our capacity?
- Naresh Kumar:** You see, at this point of time, my capacity is around 6000. I said we will be doing around 5000. So, if required, we are expecting much more demand. Then, daily basis, we assess our capacity and take the necessary action in advance so that we should not be falling short of capacities.
- Rohit Singh:** Understood, sir. And secondly, sir you mentioned the total market size of 12,000 containers. So, and we are focusing on this market size only, like you mentioned, we are focusing on India. Where we already have 50% market share. How do you see this overall market to grow from here? If you can put some color on your growth numbers?
- Naresh Kumar:** I think I can tell you the broader vision and the exact calculation and all. Nobody has done any reporting on that. No study has been done. So, as I told you that in order to sustain the, there is a, you see, sustainable growth of any nation. That depends on how well your transport system is, how well your and deliveries are. So, if this particular 8% or 9% or 7% GDP growth has to sustain for a longer period of time, then you require a robust transport system using railway system.
- Because on the road, you cannot have those kinds of trucks and moving all these things. So, railway is basically, one is that energy-wise, they are almost one-sixth of the road per ton basis. And for the longer period, longer journeys, the railway is cheaper in terms of the overall cost also.
- So, keeping that in mind, railway has got plans that by another, by 5-6 years, they have to increase from existing 22%-23% share to 45% share of the transportation. So, the selection of maximum incremental has to come for the finished goods. And for the finished goods, people require containers. So, there is a good amount of traction has to be there in the container segment. I hope I have answered.
- Rohit Singh:** Yes, sir. And sir, on the dedicated corridor side, you mentioned you will be supplying a triple stack draft container. So, when do you see this special container is going to contribute to our revenue?
- Naresh Kumar:** Basically, containers will remain the same draft container. Container remains the same. Depending upon the envelope available on Indian Railways, we can do triple stacking or double stacking. So, it depends upon how much envelope is available in that particular section. So, that is how it is.
- Rohit Singh:** So, how much order do you expect from the dedicated corridor side?
- Naresh Kumar:** You see, your question should be how much you are expecting from the draft container. Whether they can be triple stack or double stack is a matter of time and other things. But we are expecting good traction in the Dwarf container from this year onwards because many more sectors have been cleared by Indian Railways for running of these kind of trains.



**Rohit Singh:** Understood, sir. That's it from my side, sir. All the best.

**Naresh Kumar:** Yes, thank you so much.

**Moderator:** Thank you. The next question is from the line of Naveen Goyal from Dabur India Limited. Please go ahead.

**Naveen Goyal:** Just wanted to check if you can share the exact projection, future projection for next 3 years, if you have any idea about that?

**Naresh Kumar:** This year, I am very confident that we will be going by 40%-50%. And the next year, maybe this kind of growth, maybe 30%, 35% growth will continue for another 4-5 years.

**Naveen Goyal:** Okay, okay. Thank you so much, sir. That's it.

**Moderator:** Thank you. The next follow-up question is from the line of CA Garvit Goyal from Nvest Analysis Advisory. Please go ahead.

**Garvit Goyal:** My question is answered. Thank you.

**Moderator:** The next follow-up question is from the line of Paramjeet Singh, who is an individual investor. Please go ahead.

**Paramjeet Singh:** Yes, Mr. Naresh, sir, I want to know when the Railway Minister and his team visited and I heard one of the places you're saying that the Railway Minister said he wants to see your company growing 4-5 times every year.

**Naveen Goyal:** Say again, say again.

**Paramjeet Singh:** I mean, I heard you saying in one of the YouTube interviews that...

**Naveen Goyal:** No, no, that was basically Mr. comment when we have made the presentation to him and when he visited us in our factory. So, they were the congratulatory remarks from the Minister.

**Paramjeet Singh:** So, I mean, this is demand for containers to grow up because the railway has to increase the...

**Naveen Goyal:** Yes, basically, demand has to grow. Demand has to grow. As I told you, the maximum growth of railway will have to come from the finished goods. Now Railway, the major focus is on the bulk transportation like coal, iron ore, cement, food grain, and all these things. But if it has to basically grow to a certain point, then the growth has to come from the finished goods.

**Paramjeet Singh:** Okay, So, that's why we... And one more thing, sir, I want to check your Dubai thing, which you're pursuing. What are the timelines in which we can hear something concrete on that? Is it expected in next quarter or next year?

**Naveen Goyal:** There also, we are dealing with the government and here also, we depend upon that how the things will go.



Basically, three months back, the finance minister came to Delhi and we have met him. So, he has shown keen interest in that. Then based upon there, they have sent us some template and all to be filled up.

So, there are a lot many things which were the local. So, we have engaged the local consultant to do the needful for us and to pursue our case from there. So, let us see how much time it's very difficult to put a timeline on that.

**Paramjeet Singh:**

Okay. Thank you, sir.

**Moderator:**

Thank you. The next follow-up question is from the line of CA Varun Agarwal from Networkorthy Financial Services. Please go ahead.

**Varun Agarwal:**

Thank you for the opportunity again. So, we seriously wish that the Dubai venture goes through.

But if at all it gets delayed, then beyond FY '25, what is our plan B for growth?

**Naresh Kumar:**

Yes, then you see that comes to some shape or we were convinced our viability. Then the sky is the limit for us.

**Varun Agarwal:**

Sorry, sir. I didn't get you.

**Naresh Kumar:**

If you see the plan works out and we see some viability is there in this project, then sky is the limit.

**Varun Agarwal:**

Yes, that I understood, sir. In case there is a delay in that, then what is the other plan for growth?

**Naresh Kumar:**

You see that whatever projections I have been discussing that we are purely discussing on the existing plan. We are not included Dubai into picture at all. That is going to be a big bonus if it comes out.

**Varun Agarwal:**

Because we are already having more than 50% market share of 10,000 containers. So, beyond FY '25, how will we grow?

**Naresh Kumar:**

As I told you, this container market in India has to grow substantially. So, our main growth story which I have been telling up till now is based upon our domestic requirement only. If anything comes from the airport or if anything comes from Dubai plant that will be a big bonus for us.

**Varun Agarwal:**

Okay, sir. Understood.

**Naresh Kumar:**

We have not considered in our growth story till now.

**Varun Agarwal:**

Point taken, sir. Thank you, sir.

**Moderator:**

Thank you. The next question is from the line of Mahesh Kanede, who is an investor. Please go ahead.

**Mahesh Kanede:**

Hello. Namaste, sir. I want to ask about the manpower part. How many employees are there permanent and on contract basis in company?



- Naresh Kumar:** We have got ratio 50%-50%. 50% are on our role and 50% are through contractors.
- Mahesh Kanede:** Sir, total number of employees, how many are there?
- Naresh Kumar:** It keeps on varying on daily basis between 250-300.
- Mahesh Kanede:** Okay. And second question, sir, you have said that you have INR80 crores of order book and but I mean...Do you communicate to exchange on a periodical basis?
- Naresh Kumar:** Basically, we consider the order, coming order and our basically normal productivity activities if there is anything special, then we should communicate to exchange. So, that is basically our understanding of the whole system. If this is different, then we will discuss with somebody.
- Mahesh Kanede:** Thank you, sir.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Naresh Kumar for closing comments.
- Naresh Kumar:** Thank you, Sagar. Sorry. Basically, it has been a nice interaction and suggestion from our investors and let me assure our investors that you are in the right company and we assure you anything we took from the investors in terms of IPO proceeds and all that is being each and every penny is being spent on the welfare of the company, nothing else.
- And we are very transparent in our books and we do the business in a very transparent and consistent with the laws of the government and India. So, rest assured, you are in the safe hands. Thank you so much for participating. Thanks a lot.
- Moderator:** Thank you. On behalf of Kalyani Cast-Tech Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.