



Simplex Castings Ltd.

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Sub.: Submission of Transcript of Earnings Conference Call held on 17 November, 2025.

Dear Sir/Madam,

Pursuant to Regulations 30 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call held on 17 November, 2025 in relation to the financial results of the Company for the quarter and half year ended September 30, 2025.

We request you to take the above on record.

Thanking You,

Yours faithfully,

For, Simplex Castings Limited

Sangeeta K Shah
Managing Director
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“Simplex Castings Limited
Q2 FY '26 Earnings Conference Call”
November 17, 2025



MANAGEMENT: **MR. KETAN SHAH – CHAIRMAN AND EXECUTIVE
DIRECTOR – SIMPLEX CASTINGS LIMITED**
**MR. AVINASH HARIHARNO – CHIEF FINANCIAL
OFFICER – SIMPLEX CASTINGS LIMITED**

MODERATOR: **MS. NATASHA SINGH – ARIHANT CAPITAL**
**MR. AYUSH DIVECHA – INVESTOR RELATIONS –
MERLIN CAPITAL**



Moderator: Ladies and gentlemen, good day and welcome to Simplex Castings Limited Q2-FY26 Earnings Conference Call hosted by Arihant Capital Markets and Merlin Capital. 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 touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Ayush Divecha from Merlin Capital. Thank you and over to you, Mr. Divecha.

Ayush Divecha: Good morning and good day to all. On the behalf of Arihant Capital Markets and Merlin Capital, I would welcome all of you to Simplex Castings' first ever earnings call to discuss Q2-FY26 financial performance.

We have on the call Mr. Ketan Shah, who is the Chairman and Executive Director at the company along with our Chief Financial Officer, Mr. Avinash Hariharno. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces.

May I now request Mr. Ketan to take us through the company's business outlook, financial highlights, subsequent to which we'll open the floor for Q&A. Thank you and over to you, sir.

Ketan Shah: Good morning and a very warm welcome to everyone joining us for Simplex Castings Limited Q2-FY26 earnings call. It's an exciting time for Simplex and I'm delighted to share with you what we are doing and the latest chapter of our growth story, a record-breaking quarter we had this time. It's just not strong numbers, but a transformation has started in our company.

In Q2-FY26, Simplex Castings delivered 89% year-on-year revenue growth and impressive improvements in EBITDA and PAT. As Simplex 2.0, we have started calling this a Simplex 2.0. We are trying to reinvent and trying to modernize our facilities and enter into traditional apart from the traditional segments, other segments. So these results stand as a powerful endorsement of our strategic decisions and relentless dedication of our entire team.

It is what really stands out is not just this robust top-line performance, but the evolution of our business model. After years of operating in traditional market, in the metals and commodity-linked segments, Simplex has intentionally and decisively shifted towards railways, defense, and pressure and engineering categories. We already had equipped, we were well-equipped with machinery and skilled manpower to take up the same.

And we are again getting into railways and defense in a bigger way. Our investments are now driving a scale-up in capacity and operational efficiency. With our annual production rising, the quarterly order book is healthy with strong demand and repeat business from prestigious partners.

With every step towards precision castings, fabrication, defense, and specialized railway networks, we open new doors for bigger businesses, bigger business, resilience, and global relevance. Today's results are not just a reflection of the quarter, they represent an inflection



point for Simplex Castings. We are confidently entering the next phase of India's manufacturing capex cycle set to benefit from infrastructure, defense, and railway spending going forward.

We believe this is the only beginning of what Simplex can achieve with a sharper strategic focus and our high-performing team. Thank you for your presence and for your partnership on this journey. [inaudible 0:03:49].

Avinash Hariharno: The highlights of last quarter, ended September 30th, will be the revenue from operations was INR55.4 crores as compared to last 45.19, last quarter end. The other income stands INR34 lakhs. The total revenue stands at INR55.75 crores.

Out of which, the employee benefit expenses were 2.55, finance cost was 1.6, depreciation INR93 lakhs, and other expenses amounted to INR4.35 crores. Making a total profit for this quarter of INR7.45 crores. Taking the taxes apart of INR1.87 crores, the net profit for this quarter is INR5.57 crores. Making the total profit of half yearly to be INR10.31 crores out of the total revenue of INR100.99 crores. These are the main highlights of what we performed last quarter and half yearly ended.

Moderator: Sir, should we open the floor for questions?

Management: Yes.

Moderator: Thank you very much. We will now begin with the question and answer session. First question is from Darshil Pandya of Finterest Capital. Please go ahead.

Darshil Pandya: Hi, sir. Good morning. Sir, congratulations on this very good set of numbers. Sir, I just wanted to hear more of you with regards to the railway side and defense side which we are also entering. And any other development that we see for this fiscal year?

Ketan Shah: Yes, sure. Railway, we are doing it from both the sides. One is the foundry side, the other is the fabrication side. So, in the fabrication side, we already have development orders for certain bogies which railway needs for. Railway needs for its locomotives, for its coaches and all that. So, we have development orders in hand.

And in the foundry side, we are re-entering the business that we were doing earlier, which is the casted bogies for the railway wagon, which are called the caster bogies. So, we are entering apart from the fabrication and the casting side, we are also looking at getting into more of components. More of components, which would mean assimilation, assembly of certain electrical and mechanical components along with the castings of the fabricated product we are making. So, we are wanting to go out of the value chain. We are starting with fabricated bogies and casted bogies.

Darshil Pandya: Understood. And this will start from this financial year, sir? I mean, in terms of revenues?

Ketan Shah: Yes. See, railway always has a developmental time. It will develop. We have to manufacture it, manufacture the prototypes. They will be running for one period of six months to a year. Then, once you clear all that, bulk will start.



But for the bogies, for the fabricated bogies, it is the same. For casted bogies, RDSO clears it immediately. So, some on the casted part, we would see in this year. But for the fabricated bogies, we will see in the next financial year.

Darshil Pandya: Understood. And, sir, my last question would be on the side of defense. What are the products that we are eyeing there? And what is the kind of market opportunity that we see in this sector?

Ketan Shah: See, we have been in the naval castings for a very long time. So, that is what we have been doing. And recently, we had a very good interaction and visit from Gun Carriage Factory, Jabalpur. And we are looking at casted, fabricated....

Moderator: Sir, sorry to interrupt you. Your voice is breaking. I need to reconnect your line. Participants, please stay connected while we rejoin Ketan Shah's line back to the call. Ladies and gentlemen, thank you for your patience. We have a line from Mr. Shah reconnected. Sir, please go ahead.

Ketan Shah: Yes. So, as I was telling you, in the navy, for the naval castings, we have been doing for... Hello? Yes, sir. Apart from naval casting that we were doing and that we have already some orders for, and we are increasing because there is a lot of trust in the shipbuilding from the government also. So, we are expecting that also to grow.

But we also had very good discussion and interaction with Gun Carriage Factory in Jabalpur, which is making Dhanush, which is an equivalent of Indian Bofors. And they are giving us trial orders for fabrication and machining of some components.

Darshil Pandya: Understood. So, sir, just to understand, when you say Simplex 2.0, this is now shifting from normal to typical castings to now heavy engineering and the defense and railway side. Is this understanding right?

Ketan Shah: I would put it this way, that Simplex 2.0, what we are looking at is like we were traditional into earlier, into steel. We are adding two more, focusing on two more sectors, that is railways and defense. And apart from the railways and defense, we are looking at other areas where we can do a value-add, because we have the basic facilities by assembling components, which would be electrical, mechanical, and trying to give a subsystem to people.

So, that is what is the complete meaning of Simplex 2.0, that you know, totally not getting steel for the next three, four years, the market looks very bright. So, we would not like to come out of it, we would like to focus on it. But our focus on other areas also has to, like, what we have chosen is defense and railways. And apart from that, doing assembly and looking at some value-added products, maybe make a motor, or maybe make a complete system, which is required for railways or maybe for heavy earth moving or something like that.

Moderator: Next question is from the line of Prathamesh Dhiwar from Orbit Family Office. Please go ahead.

Prathamesh Dhiwar: Yes. So, I have few questions. So, as we are going to increase our mix or focus more on the defense and railway side, so just wanted to know, firstly on the railways, do we have RDSO approval products as of now? And again, if we are applying for the RDSO products, how much time it takes to get the approval in the railways?



- Ketan Shah:** Absolutely. See, we are already an RDSO Class A foundry. So, we can manufacture the normal products of RDSO. So, like, for example, we can do bearing blocks, we can do bearing assemblies, we can do all that. So, that first hurdle is already cleared a long time back.
- Specific product RDSO for bogie castings; for castings firstly let me tell you, it is underway, the first inspection is over and we are expecting that by end of this month for getting an RDSO clearance for the casted bogies. For fabricated bogies, the developmental order is already in place. And within the next five to six months, we are expecting that to also getting clearance for fabricated bogies.
- Prathamesh Dhiwar:** Okay, got it. Sir, can I just, actually I am new to this industry. So, can you define like what's fabricated and what is casting bogies sir in this?
- Ketan Shah:** Okay. So, we are basically in anything in metal, what we can do is, either melt and pour it, which we call it casting. Fabrication is taking a plate and welding it.
- Prathamesh Dhiwar:** Got it. So, we are making components.
- Ketan Shah:** We are having both the routes.
- Prathamesh Dhiwar:** Okay, sir. Got it, sir. And sir -- yes, sir, please go ahead.
- Ketan Shah:** So, casting, we know this industry. We have been in this industry for the last 50, 55 years. And genetically, Simplex has always been a fabrication and machine shop. So, since 1940, that's what we have been doing. So, both the areas, we have very good engineers, good technical team and good skilled manpower. And that is what we are wanting to bank on and make Simplex 2.0 a success.
- Credential wise, the company is across India and across all sectors, whether it's shipbuilding; to power, to machine tool, to pumps and valves, everywhere people know Simplex Casting, basically because of the credentials and what the things that we have done in past. We want to grow that area, grow into other areas also, not leaving steel, but getting into other areas. That is the whole Simplex 2.0 theme.
- Prathamesh Dhiwar:** Got it, sir, interesting. Just my last question. So, we are targeting almost 3x revenue in coming three years. And considering the steel, we will also contribute around 40% even after three years. So, how are we seeing this 3x growth just in the steel, which is our existing business in coming three years? Do we have certain order book in that segment or in soft commitments? Just wanted to know on that part.
- Ketan Shah:** Yes, look, I'll give you the environment that I see, the market that I see in the next three to four years.
- Prathamesh Dhiwar:** Sure.
- Ketan Shah:** Let's start with steel. Steel sale alone is going for an expansion in value terms, it's more than INR40,000 crores which has already -- out of which almost INR20,000 crores has been awarded.



It is in the design engineering phase. It has been awarded in the last six months for IISCO steel plant, Indian Iron and Steel Company in Burnpur, one of the sales unit.

This will go to OEM. The orders will go to OEMs. They will do the design engineering, and they will go -- come back for equipment to companies like Simplex, which will happen in the next financial year starting from March, April onwards. Because orders have already been awarded and the designing phase is on for most of the projects. JSPL, JSW, Tata are in similar expansion. 1 million ton is roughly INR5,500 crores of investment. So clearly speaking, traditionally, this market will expand like we have never seen earlier in the next two years, three years.

Look at power. By 2030, they have -- India has gone ahead and announced 32 thermal power stations and they have to finish by 2030. Recently, we got an order from DHL for the fabrication of 2,000 tons. 2,000 tons is roughly, I would say, INR18 crores, INR20 crores. But how much do they want? They want almost 8 lakh tons. So apart from Simplex, there are many people, but Simplex and same is happening in L&T also, L&T Power. They also are having an order for fabricated structures, about 6 lakh to 8 lakh tons, which has to be done in the next three to four years.

If you look at any sector -- under the present government, if you look at any sector that Simplex is in, it is already growing. Railways, similar story. Defense, it's a similar story. If you look at pumps and valves, it's a similar story. If you look at Indian machine tool building, it's a similar story. Everywhere, we are seeing there is a positive momentum in the next three to four years horizon.

So all will depend on execution, if we -- which we are very confident of because of the team. Getting orders going forward next three to four years is not the challenge. Challenge would be to execute the order properly on time. And that is where basically we are depending on our team, workforce, and that is where the focus is, and that is what will be the difference between Simplex and others.

Prathamesh Dhiwar: Got it. Got it. And sir, our current steel capacity will be enough to cater in the growth in coming three years? Is it right or are we looking for expansion?

Ketan Shah: No. We have to expand with the time. We have to expand the time, but we do not -- we have sufficient land. We have sufficient land, sufficient sheds. Increasing of manpower would be there, increasing of certain machines would be there. But maybe not a new plant is needed.

Moderator: Next question is from the line of Raunak from Orbit Capital Limited. Please go ahead.

Raunak: Good morning, sir. Thank you for the opportunity. My question is going ahead, we are looking at 60% of our revenue coming from railway and defense segments. So after that -- after this shift happens, like how are we looking at margins? So is it going to increase, decrease, remain the same?

Ketan Shah: For railways, it is going to be always very competitive. It has got a tender system. It's got a very simple system. There are other suppliers also, so you have to face this. So railways will be giving



us normal profits, but defense is an area if you qualify, which we are doing in only one segment, which are the castings, naval castings, the moment we grow more segments, there the partnerships are much more long-standing, and they also are looking at long-term partners.

So there the numbers would be totally different. Nothing that we have seen in steel sector, nothing in railways, what we have seen or what we are expecting. Defense would be a different set of numbers for sure.

Raunak: Okay, sir. Got your point. Another question I have is entering into defense, like you mentioned in railways, there are approvals waiting for fabricated and casted products bogeys from RDSO. So similarly, in defense, what are our regulatory side challenges? And how are -- from whom do we get the approvals? So if you could shed light on that.

Ketan Shah: I'll just elaborate on my experience with Gun Carriage Factory, Jabalpur for you to understand how the defense and where -- and how it will be looking forward. The moment we went to Gun Carriage Factory, they -- after operation Sindoor, they have got a lot of orders. They have been asked to almost double the capacity of Dhanush that they are making.

The moment they got -- from the government, the pressure to make double the production, they didn't have machines, and they were looking for people who would do the similar thing what they are already doing in their own factory. I mean, the fabrication, the machining and to an extent, a little portion of subassemblies.

So they spent almost -- I mean, I also spent there almost 2.5 days there. They took me to each and every shop. They said that we will give you jigs and fixtures. We'll give you manpower. We'll give you the list of tooling. We'll try to help you in developing. So it is very different compared to railways. Railways has a set requirement, you have got to fulfill and you have to get there.

In defense, because of the pressure and because of the limited capacity that they have available in the ordinance factory, they are going out of the way to help the supplier develop and try to support them. So there is no such thing as you need to qualify for this or that or there is no listed thing. It is the more number of ordinance factories that we enter, they will be helping us in developing those products and giving it to them. This is my experience.

Raunak: Okay. And is this currently just for the Jabalpur factory or you have got in conversations with others as well?

Ketan Shah: At the moment, I am concentrating more on the naval castings and the Gun Carriage Factory because this seems to be much more doable. But that doesn't mean that we would not be looking Moradabad or Ambazari or any of the other ordinance factories also. Definitely, we will be.

Moderator: Next question is from the line of Tanay Jain from Family Office. Please go ahead.

Tanay Jain: Good morning, sir. Could you please help me understand the events that occurred during FY 2018, 2020, like when revenues dipped? So what I have gathered that company had an overseas subsidiary during that period, and we also had a sale of one plant. So if you could just provide



some colors on what happened during that period, what was the rationale for the sale of that plant?

Ketan Shah:

Sure. Avinash, you can join in now.

Avinash Hariharno:

Yes, sir. I'll explain. In 2018-'19, we had an order book of around INR300 crores, wherein we were already doing INR200 crores to INR225 crores of the turnover. Having that Urla unit, which we are telling you that we had to hive off, that was alone doing railway business for roughly around INR100 crores to INR150 crores. So that was our product line and which due to banks pressure and these things, we had an increase in working capital limit of INR30 crores at that moment of time.

But due to certain changes like Vijay Mallya case and Jet Airways cases, the SBI marked engineering sector as negative in their scenario, the financial scenarios. And we were being classified as an engineering company in that period. So even after giving the sanction, they could not disburse us the increased working capital, which was being sanctioned to us. That led to this financial stress and all the things happened. And we had to hive off that Urla plant, which was doing that railway business. That was a product line which we had.

That pressure came from the banking side only, and we had no other options, but to hive off that unit. And the realization also took more than four years to happen, and it was very small amounts. So that banking challenges started from -- immediately from when we entered the agreement for that sale of that Urla unit. Because of those banking challenges and other things, we were forced and we could not sustain that financial pressure.

Tanay Jain:

Okay, sir. So how are the banking situation right now for us, how are we placed with the bank?

Ketan Shah:

We previously had a consortium arrangement with State Bank as the lead banker and Bank of Baroda and Union Bank as member bankers. Now that consortium has been taken over solely by Kotak Mahindra Bank, and that you can see in financials also and which has resulted in our performances also because the banking pressure was so much that they were not allowing us the limits also. And now it has all been eased off. We are having sole banking arrangement with Kotak since last January this year only. And we are able to maintain that relationship quite well.

Tanay Jain:

Okay. Thank you so much. So, my one last question is on the margin side. What kind of EBITDA margins are we looking going forward, like probably next one or two years?

Ketan Shah:

EBITDA margins, we are expecting to increase, sir, as we are trying to develop product lines for both our units. So that 40% or 50% is the regular products which we do. And as rightly said, in entering in defense sector and other sectors will have -- which will have a greater margin orders will help us improve both EBITDA and PAT margins.

Tanay Jain:

So can we roughly estimate the EBITDA margin to be above 20%?

Ketan Shah:

We can think of that, sir. It is achievable because right now, there is not a much difference. We are already in 17%, 18% EBITDA margins. And seeing for this kind of demands in both railways and defense, we can always expect.



Tanay Jain: Okay. Thank you so much, sir. Wishing you all the best.

Ketan Shah: Thank you, sir.

Moderator: Thank you. Next question is from the line of Deepak Pandey from Sagun Capital Management. Please go ahead.

Deepak Pandey: Hi sir. Thanks for an opportunity. Congrats on a good set of numbers, sir. My question actually is on railways. So, we have received some development orders for bogeys, right? Can you quantify the same? And when do we expect the major ramp-up and order flow to come in?

Ketan Shah: Okay. When I say developmental order, we have received a development order for fabricated bogies, and that is for four sets for four locomotives. One set is consisting of two bogies and four set is the developmental order that we have received. This is already under manufacturing, and we expect this to be delivered within this financial year to railways for testing.

And then for six months, they will be taking trials on it, putting it on a locomotive. Locomotive is going to be running on it. And if they are satisfied with it, that is when they clear us for one of the products, which is a locomotive bogey.

We are -- going forward, we are also looking for other bogies, other fabricated bogies to take developmental orders. We're just waiting for the tenders to come out. So the -- throughout the year, they will keep coming out with tenders. So we are waiting for the next tenders to go for other fabricated bogies. For casted bogies, the side is a little different. You don't need developmental orders. You need RDSO approval. So RDSO approval, the first stage of inspection is over.

The second stage is expected to be over this month only, in this month in November only. So -- and once you have a RDSO approval, then we can go for booking orders. So we are expecting this to be booking of order also starting from next quarter for casted bogies. That is why we are expecting some revenues of casted bogies in this financial year only. And for fabricated bogies, most of the revenues and most of everything will be coming in next financial year.

Tanay Jain: Got it, sir. And sir, in the last call, you mentioned that we are also expecting an acquisition in the railway segment. How is that going through--?

Ketan Shah: We are looking at it and initially twice we have spoken to each other. I need to visit it. Maybe this week or next week, I am planning to visit and have a look at the facilities myself. Then we will take it forward from there.

Tanay Jain: Okay. And can you, sir, provide some more details on the acquisition part? Is it going to be funded? How is it going to be funded? And then--

Ketan Shah: Let's first come to numbers. Let's first come to that kind of a thing. then we will definitely. Let's wait -- hold on for some time, sir.



- Tanay Jain:** Okay. Got it. And sir, in the shipbuilding part, you said we are doing naval castings and any other capabilities that we have in-house? And what sort of approvals do we already have? What do we need to do to proceed with the orders?
- Ketan Shah:** Maybe, I mean, the shipbuilding industry is also, we have done for GRSE, that is Golden Rock in Calcutta. We have already done fabrication in their workshop and we have done it for not 1 year, 2 years, we have done it for almost 3.5 years to 4 years. We were operating a site there.
- I am not interested in that because that is just a labour contract, conversion of theirs -- we take their steel, we convert that into hulls and segments of ships and then give it back to them. And operating in shipyards is very different. So, we are looking at what can be done in the facilities that we have in Bhilai.
- And slowly and steadily, I have seen like railways even complete the locomotive shell, that gets manufactured in a ship because of the improvement in the transport, the logistics, and the roads. So, soon -- very soon, all these parts also of shipbuilding would be probably -- probably there will be time when it will be made in facilities like Simplex or lined and then it will be transported to the shipyard, not to be made in shipyard alone.
- So, let that develop. We might get into fabrication of ship hulls and ship's parts also, provided we are able to get that. But right now, we are looking only at the casting parts and trying to improve on -- trying to add from their certain mechanical components.
- Tanay Jain:** Got it. And sir, in the steel segment, is the demand largely when new steel plants come in or there is replacement demand in existing plants as well?
- Ketan Shah:** Both, both, both. Absolutely, you are right. See, for the normal requirement, which we were catering to and which we are still catering to, yes, there is a lot of replacement and there are a lot of wear and tear, a lot of spare part requirement comes. But the interesting part, as I mentioned, was next three to four years, a lot of additional capacity is being created. So, those equipments will be made, which are not normally made in a normal year. Yes, so both would be there. Spares and requirements for running would be there, plus the new capex, that requirement is also getting added.
- Tanay Jain:** Got it. And sir, can you also provide order book bifurcation segment-wise of the INR60 crores, INR70 crores orders that we have?
- Ketan Shah:** At the moment, we have mostly steel, mostly steel, and rest would be capital goods sector, like, from machine tool castings to pumps and valves to the capital goods sector. But very soon -- by December, you will see that, it will be almost 50% would be steel and 50% would be power sector, for fabrication of those from BHEL, from L&T, what we are talking about. I am expecting those orders to come in very fast. By December, we should be having a INR20 crores, INR40 crores order book of that also, from power sector.
- Tanay Jain:** Got it. Sir, last question would be on the guidance part. Is this guidance, you know, including the acquisition, or this is organic growth part only?



- Ketan Shah:** At the moment, only organic growth part.
- Tanay Jain:** Got it. Got it. That's very helpful. Thank you so much.
- Moderator:** Thank you. Next question is from Darshil Pandya from Finterest Capital. Please go ahead.
- Darshil Pandya:** Hello. Sir, thank you again to take my questions. Sir, my question is with regards to the kind of margins that we do. I understand, you know, the kind of engineering marvels we are doing for all of the PSUs. And just want to understand with regards to this defense and railway side. So, there also, we will be also seeing similar kind of margins there?
- Ketan Shah:** Railways would be exactly similar, but defense would be higher, margin-wise. I mean, I was just contemplating a machining offer, just looking at something and I was contemplating. I was talking about gun carriage factory. The offer only for machining of a component -- you know, if I was looking at the margins were much higher than my traditional margins. So, defense per se would be higher. Railways would be very similar to because it's again a public sector and typical same process of tendering, GeM and all that. So, I'm not expecting there to be much higher or much different than the present.
- Darshil Pandya:** Understood. And sir, obviously what we are seeing is you are doing around 8.5% to 10% PAT margins and what we are guiding is around INR500 odd crores of revenue. So, is this understanding right? We would be somewhere closing around INR45 crores, INR50 crores of PAT. And with this new defense and railway thing, is this something how we will be achieving this? I just want to understand your view.
- Ketan Shah:** I am very confident of achieving the similar numbers. Because see, there is a breakeven point - a break-away point -- kind of breaking out point I should say for us. For us, I have seen that if I am able to utilize the similar facilities to churn out more and more looking at the market going forward, definitely my ores and everything will be diversifying or distributed over a higher volume would again increase my profit.
- These numbers maintained at higher turnover seems to be much more possible, much more plausible both compared to at lower numbers.
- Darshil Pandya:** Understood. And my one question is about sir, how is Simplex Casting different from other listed or unlisted players? What makes us different just to understand your view on this?
- Ketan Shah:** Yes. Number one, if you look at foundry, foundry is nothing but a -- you need to have -- it is like art. You have to have skilled people doing the foundry and especially jobbing foundry which we are in. It is kind of hand-molded casting that we do. And apart from that, we have an extensive machine shop along with it, which normally other foundries, other people do not have.
- Similarly, fabrication, the equipment side, the things that we are doing are little away. They are niche products that we make, like I am making top-level cars. There are only two manufacturers in the country who have done it and who have the experience; one is L&T, the second is Simplex Casting.



Similarly, like for in the castings that we do for steel plants, like coke oven doors, we are the largest producer of coke oven doors in the world. Our coke oven doors -- our company's coke oven doors are -- they are in all the five continents. And we have got a legacy of that. We have a reference of that. And people understand anywhere in coke oven, if it is doors, it has to be Simplex.

In 22 batteries in India, 22 complete batteries, coke oven batteries, every steel plant has five, seven, eight. So, in 22 batteries in India, the doors are from Simplex, coke oven doors. Similarly, for center cars. Similarly, for pallet cars. So, there are niche products that our company is known for.

Like pallet plants. I am expecting a rise of pallet plants in India. I do not know when you are taking out all the fines, you have to make a pallet. India had less number of pallet plants; SAIL steel has none of them. So, SAIL is going for more and more pallet plants. So, casting will come out only from Simplex Casting.

Darshil Pandya: Understood. I got a fair understanding -- yes sir.

Ketan Shah: We either you have to import it, which the government is not allowing. So, you have to come back to Indian companies. Indian companies means you will go for reference, that is the way public sector works. References are with only Simplex Casting.

Darshil Pandya: Understood, sir. Got a fair idea, sir, as to what you are explaining. Thank you so much again for answering. And all the best, Simplex.

Ayush Divecha: Yes, I would just like to add that what we have spoken about, for a much better experience to all analysts, funds, and family offices, we have scheduled a plant visit next week, which is on 25th November. So, if you could email it to us, we will go through and send you a formal invitation for the plant visit. Thanks. We can take the next question.

Moderator: Thank you very much. Next follow-up question is from the line of Prathamesh Dhiwar from Orbit Family Office. Please go ahead.

Prathamesh Dhiwar: Yes. So -- firstly, good to hear like we are expanding all the emerging industries. Sir, I have just one question on the margin sustainability side. So, considering -- again, in the coming three years, steel is going to be like half of our business. And in the past few years, like, what I have seen in the margins, they are not sustainable.

I think FY '23, we delivered 13%, 11% and then again for '25, 18%. So just wanted to know, so what's giving us the confidence of about 20% to build our margin, even considering the steel will be half of the business in coming time.

Ketan Shah: Your question is well taken, well appreciated. See, two things that I am looking at. One, utilizing of our facilities for increased turnover without major expansion would give me better results, number one. And number two, the kind of scenario which I'm anticipating in the next couple of years where we would be much more choosy making our margins better. And I'm seeing this



happening. I'm seeing this in very immediate future that Simplex Castings will become much choosy about what orders to take, what not to take because of the availability of orders.

Prathamesh Dhiwar: Got it, got it. So, in steel, there will be not much product change. On the similar product line, we will cater to higher margin considering the other demand there.

Ketan Shah: Yes.

Prathamesh Dhiwar: Perfect, sir. Thank you so much, sir, and all the best.

Ketan Shah: Thank you.

Moderator: Next question is from the line Shivakumar, Individual Investor. Please go ahead.

Shivakumar: Thank you, sir. Am I audible?

Ketan Shah: Yes, sir, absolutely. Yes.

Shivakumar: So a couple of questions from my side. One is regarding the raw material expenses. So basically, since you're mostly in steel currently, like from past four or five years, the steel prices are very, very low. So how are you trying to hedge it when the steel prices pick up, or how are you going to manage that? Is there any colors that you could give on to that, sir?

Ketan Shah: You're bang on. This is a big -- this could turn out to be a biggest challenge in our company because at the moment, everything is favorable towards us and if the commodity prices start increasing. So what we have done is in the purchase side, we have made a small team which is tracking the movement.

And it is also led by our CFO, Mr. Avinash. He is trying to go in for more and more long-term contracts with SAIL and with NMDC and talking to the local branch sales office going forward to insulate us. And in the marketing side, we already started insisting on price variation clause to our customers for bigger orders, not for smaller orders, at least for bigger orders, the ones like I was talking about, BHEL and L&T power sector, the orders that we would be taking and already have a price variation clause for steel.

Shivakumar: Yes, understood, sir. That answers my question. And thank you. [inaudible 0:44:34].

Ketan Shah: This is something which we have to look at and which we have to always keep in mind. I fully agree with you, sir.

Shivakumar: Yes. Thanks for that, sir. And we would like to visit your plant. So probably I'll email you so that we could get a chance to visit the plant. And thank you very much and all the best -- all the very best, sir.

Ketan Shah: Thank you.

Moderator: Thank you. Next follow-up question is from Prashant Kanodia, Individual Investor. Please go ahead.



Prashant Kanodia: Hello. Sir, first of all, congrats on a very strong set of numbers in quarter 2. Am I audible, sir?

Ketan Shah: Yes, yes. Thank you, sir. Thank you.

Prashant Kanodia: Sir, so I attended your AGM this year and there it seemed like we are guiding for 20%, 25% kind of revenue growth and similar kind of run rate going ahead also. And now we seem more confident about even delivering 40%, 50% kind of CAGR. So what has changed in the last few months that has given us this kind of confidence?

Ketan Shah: Absolutely right. To be very honest, we have been a little conservative. That's why we have been in business for last 30, 40, 50 years. We kind of tend to put the numbers on more conservative sides that could be achieved -- that can be achieved. But the market, what we are seeing is giving us that confidence that yes, the numbers that we are now talking about can be achieved, sir.

Prashant Kanodia: Alright. Sir, when you say 40% to 50% CAGR, what kind of volume plus realization breakup would there be? So will it be mostly led by realization growth or will this be mainly led by volume growth?

Ketan Shah: I would say it is both, actually. Especially in the fabrication side, it will be volume growth. See, because it's very typical that we have a fabrication unit and a foundry unit, foundry machine shop. Foundry machine shop would be value addition and fabrication would be volume growth.

Prashant Kanodia: All right. And sir, from what I understand, currently we have a capacity to do INR300 crores revenue at peak utilization. So, to achieve this INR500 crores, what kind of capex do we envisage even for this acquisition? So, anything on this if you could elaborate.

Ketan Shah: We are looking at various options, to be very honest. It's not only an acquisition that is on our mind. We are looking at various options. We have a small business strategy team in place. It is looking at getting into non-ferrous castings also, a line which is similar to us, but non-ferrous. It is looking at other areas like centrifugal castings also.

It's also looking at acquisition abroad. It is looking at various options. So, I'm waiting for that and that is what the whole purpose of Simplex 2.0 is to make our company more sustainable in the long run. We need to think when the things are going good, when everything is falling into place in the next three to four years. We need to develop a strategy that is good for us for the next 20, 30 years. That is what we are looking at.

Prashant Kanodia: Sir, when you mentioned an acquisition abroad, so what kind of geography are we really looking at? Is it LatAm? Is it Africa? Is it European markets?

Ketan Shah: I've been very focused. I'm looking at geographically, only Europe or Canada.

Prashant Kanodia: Okay. All rights, sir. Great and congrats on the good quarter.

Ketan Shah: Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Ankur Aggarwal from Motozak LLP. Please go ahead.



Ankur Aggarwal:

Hi, sir. You mentioned that you are the only company which does something which L&T is doing and no one else is doing that. I missed that part. What is that? Number one. And number two, sir, if you could just talk in detail about the niche. You told that there are many niches that you operate in. So I would like to know like what are those specializations or capabilities which we have which are very unique which are not present with other companies.

Ketan Shah:

Okay. The product that I mentioned is called a torpedo ladle cars. It's got just the shape is like a torpedo. That's why it's called a torpedo ladle car. It's used in steel plants to carry liquid molten pig iron from the blast furnace up to the converter. In the converter, it is oxygen is blown and converted to steel.

So this is about 350 tons liquid metal capacity carrying car. I said it is in most of the shops initially had you know hot metal carrying ladles open top. This has converted and most of them are going for these closed kind of cars which are called torpedo cars. Manufacturing wise, only two companies, one is L&T one is Simplex Castings have made it in India. So that answers the first question.

The second is what are the niches? See, I'm not saying that uniqueness is there in case of Cocoon Doors. What I told you center cars, pallet cars, definitely certain blast furnace castings. Yes. So all these are related to steel plant where -- but there other than that we have other uniqueness which is something which is not very common like we have a very good engineering team with us in Simplex Castings.

A group good Simplex design department is a group of about 14 odd people which are people from stalwarts, who are our consultants. So anybody who's looking to say, for example, you are owning a steel plant and you need a transfer car, a 150 ton transfer car to take liquid metal from one site.

So Simplex has the internal design team which can develop and deliver a self-propelled transfer car, or you're looking at -- you bought something from China, and you want reverse engineering to be done. So Simplex Castings is one company which can send its designers and do the reverse engineering and give you the product. So this kind of business or even for import substitution.

When you're looking at import substitution, you have certain castings and you are just wanting that this to be developed in India. So Simplex has done that before, has got a whole history of import substitution of various products, which normally other foundries are not capable of. Other foundries or other companies are more interested in their repetitive business.

Ours being a jarring. We are having a number of designs, number of experience is also of varied products. Our people are more inclined towards developing every time a new casting, a new equipment. So they are able to like say, for example, in the mining sector.

If they have a requirement, if I send my engineers along with my other technical people, we would be in a position to give a product, develop a product on our own, which is not possible for quite a few other companies. I'm not saying unique means we are the only ones in the country. No. But we are definitely one of very select few.



Ankur Aggarwal: Understood, sir. Sir, that's very wonderful. And sir, I just had a question. Like, I don't know if it's something that you already answered before, but I looked at the revenue statement of our company and in 2018, we had a revenue or sales of INR222 crores, and from there then things went down, and currently we are at the same revenue run rate as 2018.

So sir, I wanted to know, like, from that period and now this period what has changed which is giving us the confidence of sustaining 40%, 50% growth kind of trajectory or going to INR500 crores revenue run rate. So I just wanted maybe 2 or 3 lines of how you are seeing this.

Ketan Shah: Definitely. And it's, again, a very interesting question for me, because I'll answer it a little differently from our CFO.

Avinash Hariharno: In 2018 we had three units.

Ketan Shah: No, Avinash, let me answer this.

Avinash Hariharno: Okay, sir.

Ketan Shah: Let me answer this. I said I'll answer it a little differently from you, okay. In 2018, about INR140 crores turnover was from a unit which we hyped off. Okay? So that leaves about INR70 crores, INR80 crores of business from the existing units, which has become -- which is targeting towards INR200 crores in this year.

So we are doubling from 2018. The existing facilities are almost will be giving double the turnover. What they were doing in 2018-'19. That's one side. But you also have to look at the other side. In 2018-'19 my total debt, fund and non-fund based was INR135 crores. Today it's INR55 crores. That Mr. Avinash can give you exact figure, non-fund and fund based. Avinash, am I right when I say INR55 crores?

Avinash Hariharno: Yes, sir. Yes. INR34 crores CC and INR16 crores is bank guarantee only.

Ketan Shah: No, no. That's okay. So total is INR55 crores?

Avinash Hariharno: INR50 crores.

Ketan Shah: INR50 crores. And in 2018, the same figure was INR135 crores?

Avinash Hariharno: Yes. INR131.5 crores and with an increase of INR30 crores, which was being sanctioned it could have been INR161 odd crores.

Ketan Shah: No, no, leave it. What was mine was INR130 crores.

Avinash Hariharno: Yes. INR130 crores...

Ketan Shah: From INR130 we have INR50 and if I remove INR140 crores from INR230 crores then INR70 crores, INR80 crores will become INR200 crores. Am I right?

Avinash Hariharno: Yes. Yes, Correct.



- Ketan Shah:** So the remaining one is almost doing double the turnover or two and a half times the turnover with almost waiting similar to what we were in 2018 and we are from INR130 crores debt we are at INR50 crores.
- Avinash Hariharno:** Yes.
- Ketan Shah:** So this could explain the process this could explain the euphoria that Simplest Castings has in a way.
- Avinash Hariharno:** Yes.
- Ketan Shah:** Okay.
- Ankur Aggarwal:** Yes, sir. Sir, thank you. So what I'm understanding is that earlier from debt of 135 crores and we were making revenue 200 crores and now we are achieving the same revenue from INR50 crores of debt [inaudible 0:56:40].
- Ketan Shah:** Which was contributing INR140 crores, so balance was from 222 to if we minus 140 then it was doing 70-80 [inaudible 0:56:56] and it became 200.
- Ankur Aggarwal:** Nice. Our debt is also now 1/3. Like we are at a very, very good place. In future whatever the opportunities we can take it, like this is a thought process, right?
- Ketan Shah:** Yes sir.
- Ankur Aggarwal:** Thank you so much sir. Thank you.
- Ketan Shah:** Right.
- Moderator:** Thank you. Next question is from lien of Nihal S, as individual investor. Please go ahead.
- Nihal S:** Hello, sir. Thank you for the opportunity and congratulations for the nice results. Sir, my question is about aerospace sector. Is there any plan? And what kind of precision manufacturing machineries we have or willing to plan in future?
- Ketan Shah:** So this is something which I was desperate to get into, but so we'll wait for some more time, couple of years. Let's first stabilize and let's just focus on the market that is coming out. All of a sudden, we are seeing a lot of activity in the area that we are specializing in. This is definitely one of the things that we are considering when I said that a small business strategy team is there, which is looking at which is evaluating. So aerospace is something, which we would like to be, but at the moment the next 1 year, 2 years nothing we are doing other than studying the markets, sir.
- Nihal S:** Okay. Thank you, sir. And sir you said about the Naval segment, so which type of component you are looking manufacturing in naval?
- Ketan Shah:** Sir, we are doing castings, when you look at the ship, the propeller comes out. And both -- the housings which are -- from which the propeller shaft comes out are called A brackets and P



brackets and stern boss castings, which are down under and welded to the hull, welded to the main part of the fabricated part of the ship. Those are the castings that we are doing.

Nihal: Okay. Thank you so much, sir. All the best.

Ketan Shah: Thank you.

Moderator: Thank you very much. As there are no further questions, I'll now hand the conference over to the management for closing comments.

Ketan Shah: Sir, thank you so much all of you for listening to us and understanding where we are and what is the plan for the company, how are we planning to go forward. Just to summarize it in a few words. So it's our ability to execute, innovate, and adapt is the core of our journey from steel to -- and a commodity leading manufacturer to preferred partner for high value sectors like railway and defense that is the key that we are looking at Simplex 2.0. And we -- absolutely, thank you for your continued support and we look forward to engage with you, address your questions and building of the momentum in favor Simplex Castings together. Thank you so much, sir.

Avinash Hariharno: And we welcome our plant visit sir?

Ketan Shah: Yes. Absolutely, in the end of the month, please. We are looking forward.

Moderator: Thank you on behalf of Merlin Capital and Arihant Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

Ketan Shah: Thank you.

Avinash Hariharno: Thank you, all.