May 31, 2025

BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 Scrip Code: 532684	National Stock Exchange of India Limited Listing Department Exchange Plaza Bandra-Kurla Complex Bandra (East), Mumbai 400 051 NSE Symbol: EKC NSE Series: EQ

Dear Sir(s),

Sub: Transcript of Earning Group Conference Call pertaining to the Financial Results for the quarter and year ended March 31, 2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of the Earning Group Conference Call held on May 27, 2025 for discussion on Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended March 31, 2025. The same is also uploaded on the website of the Company.

This is for your information and record.

Thanking you,

Yours faithfully,

For Everest Kanto Cylinder Limited

VISHAL SURESH TOTLA Digitally signed by VISHAL SURESH TOTLA Date: 2025.05.31 18:33:10 +05'30'

Vishal Totla
Company Secretary and Compliance Officer

Encl.

EVEREST KANTO CYLINDER LIMITED

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EVEREST KANTO CYLINDER LIMITED
Clean Energy Solution Company

Everest Kanto Cylinder Limited

Q4 & FY25 Earnings Conference Call Transcript
May 27, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Earnings Conference Call of Everest Kanto Cylinder Limited.

I now hand the conference over to Mr. Mitesh Jain from CDR India. Thank you and over to you, sir.

Mitesh Jain: Thank you, Ryan. Good evening, everyone, and thank you for joining us on Everest Kanto Cylinder's Q4 & FY25 earnings conference call. We have with us today Mr. Puneet Khurana, Managing Director; and Mr. Sanjiv Kapur, Chief Financial Officer of the Company.

We will initiate the call with opening remarks from the Management, following which we have the forum open for a question-and-answer session. Before we begin, I would like to state that some statements made in today's call may be forward looking in nature and a disclaimer to this effect has been included in the results presentation shared with you earlier.

I would now request Mr. Puneet Khurana to make his opening remarks.

Puneet Khurana: Good evening, everyone, and thank you for joining us on our earnings conference call. I will begin by sharing an overview of our performance for the period under review, following which we will have the Q&A session.

We are pleased to share that FY2025 has been a year of strong growth and consistent execution for EKC. In FY25, consolidated revenues grew by 22.6% to Rs. 1,499.2 crore, with Q4 revenues increasing by 29.5% YoY to Rs. 422.1 crore. This performance was supported by healthy demand across both our domestic and international businesses, particularly in the US. Standalone revenue growth was also robust, with FY25 revenues increasing by 22.6% to Rs. 946.2 crore. Q4 standalone revenues rose by 23.1% YoY to Rs. 267.2 crore, reflecting strong volume traction.

While realizations remained under pressure during the period under review, margin compression was limited, and absolute profitability remained healthy on the back of strong topline growth. Consolidated PAT for the year stood at Rs. 97.7 crore. Q4 PAT came in at Rs. 13.3 crore, impacted by an exceptional loss of Rs. 6.5 crore related to the impairment of idle assets and capex under progress.

Our US business delivered an exceptional performance in FY25, with revenues rising by 42% to Rs. 374 crore and EBIT increasing by 86% to Rs. 58 crore. While quarterly trends in this region can be lumpy due to the nature of order booking and dispatch cycles, the full-year performance has been strong. With the policy emphasis on

'Make in America' by the current administration, we believe the outlook for these vertical remains encouraging going into FY26.

On the domestic front, the outlook remains equally promising. India's CNG market witnessed remarkable growth during the year, driven by increasing consumer preference for cleaner, cost-effective mobility solutions. The government's continued push towards expanding the CNG infrastructure is playing a key role in accelerating adoption across both the passenger and commercial vehicle segments. These structural tailwinds are expected to support sustained growth in the domestic market, and we believe EKC is well positioned to capitalise on this opportunity given our scale, capabilities, and customer relationships.

In line with our long-term growth plans, we continue to expand our manufacturing footprint. Our upcoming facility at Mundra is on track and will play a key role in enhancing our domestic capacity and servicing export markets more efficiently. Meanwhile, our greenfield project in Egypt is progressing as planned and is expected to be completed by Q3 FY26. This facility is strategically positioned to support Egypt's national objective of expanding CNG adoption. The government's strong push to convert vehicles to CNG aligns well with our goals, and we are committed to playing a key role in meeting the growing demand in that region. Together, these initiatives will further strengthen EKC's position as a global supplier of high-pressure gas solutions.

I am also pleased to share that the Board of Directors has recommended a final dividend of Re. 0.70 per equity share for FY2024–25. This decision reflects our disciplined approach to capital allocation, ensuring we maintain financial flexibility to support ongoing growth initiatives.

In closing, FY2025 has been a year of meaningful progress across markets, operations, and strategic initiatives. As we move forward, we remain confident in the long-term growth prospects of our business, supported by our strong fundamentals, scalable infrastructure, and focus on innovation. We appreciate your continued support and interest in EKC.

With that, I conclude my opening remarks. I now request the moderator to open the floor for questions. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Deepan Sankara Narayanan from Trust Line Holdings Private Limited. Please go ahead.

Deepan Narayanan: Good evening, everyone, and thanks a lot for the opportunity. So firstly from my side, what are the key reasons for this 700 bps drop in India business margin? And how was the mix between the CNG and industrial cylinders for the quarter?

Puneet Khurana: We have some long-term contracts which are under some pricing pressure, so that's the reason that we have some squeeze in the margins on those orders.

Deepan Narayanan: Okay. It was specific to this quarter and then we will be coming back to our normal margins of 12%-15% from next quarter onwards?

Puneet Khurana: Yes, definitely. There will be an improvement.

Deepan Narayanan: Okay. And what is the key reason for this 23% increase in these other expenses during the current quarter?

Puneet Khurana: Yes, Sanjiv will answer that.

Sanjiv Kapur: Yes. Deepan, since the revenue overall has been a little lower because of the pricing pressure, I mean, the cost looks higher. Otherwise it's normal, if you compare from the higher turnover it would have been comparable.

Deepan Narayanan: Okay. So we are happy to see that we are reporting stronger growth in all these regions, but still in terms of margins we are yet to improve. Are we seeing any visibility in terms of margin improvement in near term over next 2-3 years going back to this 15%-18% levels? And what are the challenges we are facing in that and how are we addressing that?

Puneet Khurana: Yes. So, margin improvement is a continuous process. And so the idea will be, of course, focus on more products where the Company has a better margin and a better position in the market. Definitely we are continuously striving to introduce new products in the market, margin definitely in new products will definitely be better and improve.

Deepan Narayanan: Okay. And can you throw more light on this exceptional loss on this impairment on the property and equipment, what is that regarding?

Sanjiv Kapur: It's a provision. As per the accounting standards we have gone as per the accounting standard 28, that is impairment of assets. So based on that assets have to be looked upon at the end of the year to ensure they carry the realizable value. It's a provision. Maybe if the asset gets utilized, I mean, the value may be back. So there will be a reversal there.

Deepan Narayanan: Okay. This is for which region exactly?

Sanjiv Kapur: This is in our plants in Gujarat only. Obviously, somewhere once they get utilized or once it's often running, then the provision which we made may be reversed.

Deepan Narayanan: Okay. And lastly, like what is the kind of capacity utilization currently we are having overall, India and overall?

Sanjiv Kapur: In India it's around 70% overall. UAE is around 50%. And even in the USA it is around 50%.

Deepan Narayanan: What is the mix between CNG and industrial cylinders currently?

Puneet Khurana: Around 60:40.

Deepan Narayanan: Okay. Thanks a lot. I will join back the queue.

Moderator: Thank you. The next question comes from the line of Shrey Gandhi from CR Kothari Stockbroking. Please go ahead.

Shrey Gandhi: Thank you for the opportunity. My first question is regarding the order book, can you specify the order book for USA, UAE and India specifically.

Puneet Khurana: USA is around $55 million. India is around Rs. 300 crores. And UAE is around Rs. 100 crores.

Shrey Gandhi: Okay. How much CAPEX is done currently and what is pending for Egypt and Mundra?

Puneet Khurana: Egypt around 50% of CAPEX is still pending.

Shrey Gandhi: Okay. And for Mundra?

Puneet Khurana: Around Rs. 50 crore is still left.

Shrey Gandhi: Okay. And another question is for the UAE business, why there is a drop in revenue and margin Y-o-Y?

Puneet Khurana: Again, they are also facing some pricing pressures for orders that they had taken from the market where they are finding the pressure on the pricing of the product.

Shrey Gandhi: So when do we expect this to get normalize?

Puneet Khurana: I think maybe from coming quarters things will start normalizing.

Shrey Gandhi: Okay. What was the purpose of borrowings which you raised recently?

Puneet Khurana: Sorry, say that again, you said the borrowings?

Shrey Gandhi: Yes. What was the purpose for raising funds?

Puneet Khurana: Yes, raising funds, okay.

Sanjiv Kapur: No, term loan has been availed for the project.

Puneet Khurana: We have only taken a term loan here, nothing else. I think Rs. 20 crores, right?

Sanjiv Kapur: Rs. 20 crores of term loan we have taken.

Puneet Khurana: We have only taken a term loan of Rs. 20 crores, remaining whatever is all CC limits. So, any long-term capital is not there much. About Rs. 27 crores is what we can see in long term capital.

Shrey Gandhi: Okay, got it. Thank you. That was from my side.

Moderator: Thank you. The next question comes from the line of Reet Jain from Firstwater Global. Please go ahead.

Reet Jain: Hi, sir. We are struggling in UAE in terms of margin. As you said previously that we are taking some pricing pressure. I want to understand what could be the reason for this pricing pressure? Are there any cheap imports in UAE or some other reason?

Puneet Khurana: The region where they are working, they have pressure on the sale price.

Reet Jain: No, I mean, earlier we have seen 15% margin, but now we have done 1% only, so what could be the reason?

Puneet Khurana: It is also the product mix that could be significant here, because the product mix that was probably made in the quarter because the order book only had that. The margin was affected, they had taken orders at these prices and this has affected their margin.

Reet Jain: Yes, but my question is why we have taken the order at low margin.

Puneet Khurana: Because we might not have got the order because of the higher margin product mix, so they had to stay with the low margin product mix, and that affected their pricing, the margin pressure has come.

Reet Jain: Okay. And any R&D or partnership that we are doing for the Hydrogen sector?

Puneet Khurana: No, we are not doing any. We are doing only some development work, but we are not doing any joint venture or anything on the Hydrogen sector.

Reet Jain: And regarding the new product development, where are we now?

Puneet Khurana: So that we are continuously working on new product development and introducing new products in the market. So that is the continuous process we are doing.

Reet Jain: Regarding new product, which sectors are we targeting?

Puneet Khurana: industrial, automotive, all sectors we are targeting.

Reet Jain: Okay. Yes, that's it from my side.

Moderator: Thank you. The next question comes from the line of Ashwath from Arihant Capital. Please go ahead.

Ashwath: Yes. Thank you for the opportunity. I had a question very specific to bottom line margins. We went from 7% to 5.6% on an annual basis, do we see this shrinking further? Or any guidelines for the same?

Puneet Khurana: There will definitely be an improvement in the margin in the coming quarters.

Ashwath: For FY26 how much do you guide?

Puneet Khurana: At least double digit.

Ashwath: Double digit on PAT margin?

Puneet Khurana: Yes.

Ashwath: Okay. And I also wanted to understand our split, if I am just going through presentation Slide No. 9, USA and Hungary make up a huge chunk of the EBIT. So I wanted to understand this split, where do we see this split in FY26 and FY27? Do we see a similar margin pressure from UAE continuing or how is this going to be like? If you could also elaborate on the top line split and the EBIT split?

Puneet Khurana: The split is there, the only thing is that definitely things will improve in UAE, and USA would be continuing to be strong. And India also, I think, we should be better off this year on the EBIT even the top line.

Ashwath: Okay. When you say better, could you just quantify in terms of how do we see that happening, right, in terms of numbers or?

Puneet Khurana: We are not able to share specific numbers.

Ashwath: Even percentage would be helpful.

Puneet Khurana: Yes, this is 10%-15%.

Ashwath: Alright, got it. Yes, I think that's it from my end. Thank you so much.

Moderator: Thank you. We take the next question from the line of Vidhi from CR Kothari Stockbroking. Please go ahead.

Vidhi: Hello. This is Vidhi here. I want to understand the GST liability that you mentioned in the previous call of Rs. 127 crore, what is the current status of that?

Sanjiv Kapur: Ma'am, we have filed a writ in the High Court and our hearing is going to be coming in soon. So as the things flow, we will inform the investors.

Vidhi: Alright. And you mentioned that 50% of Egypt CAPEX is done out of Rs. 150 crore, so Rs. 75 crore is pending, and for Mundra Rs. 50 crore is pending. So this total Rs. 125 crore, how are you planning to fund this remaining CAPEX?

Sanjiv Kapur: I mean, we have planned a small borrowing for the term loan from India for another Rs. 20 crore. And for the Egypt project we already have a loan. So, we may or we may not, entirely take up the borrowing. But it's already there, the loan is already sanctioned.

Vidhi: Okay. Rs. 20 crore is already sanctioned, and the remaining Rs. 100 crore?

Sanjiv Kapur: No, the balance also in Egypt also is fully sanctioned.

Vidhi: Okay, got it. And sir just one last question, the USA business, so the margins are quite fluctuating, previously it was around 5%-6%, right now it is 16%. So what is the margin that we can expect ahead for USA and India?

Sanjiv Kapur: USA also will go on similar lines because they are having a strong order book and they are executing pretty quickly. We believe that they will continue in the same fashion.

Vidhi: Okay. So 8% for India and in the range of 16% for USA?

Sanjiv Kapur: Yes, I mean, it can be in that appropriate ranges.

Moderator: Thank you. As there are no further questions, I would now hand the conference over to the management for your closing comments.

Puneet Khurana: Thank you once again for your interest and support. Should you need any further clarification, or would you like more about the Company, please feel free to contact our investor relations team, CDR India. Thank you.
