

August 25, 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
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Dear Sir(s),

Sub: Transcript of Earning Group Conference Call pertaining to the Financial Results for the quarter ended June 30, 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 August 19, 2025 for discussion on the Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended June 30, 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 Totla
Company Secretary and Compliance Officer

Encl.

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of High Pressure
Seamless
Gas Cylinders**

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Everest Kanto Cylinder Limited

Q1 FY26 Conference Call Transcript

August 19, 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: Good evening, everyone and thank you for joining us on Everest Kanto Cylinder's Q1 FY26 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 will have the forum open for a question-and-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 all earlier.

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

Puneet Khurana: Good evening, everyone and thank you for joining our earnings conference call. I will begin by starting an overview of our performance for the quarter followed by a Q&A session.

We are pleased to share FY26 has begun on a strong note for EKC. In Q1, consolidated revenue stood at Rs. 386.9 crore, up 12.9% YoY. This was driven by healthy demand across both our domestic and international businesses. Consolidated EBITDA came in at Rs. 61.3 crore, up 47.8% YoY, with margin at 15.8%, while PAT for the quarter stood at Rs. 51.6 crore, up 84.9% YoY. This includes an exceptional gain of Rs. 12.6 crore representing an Employee Retention Credit (ERC) received by CP Industries, our US subsidiary. On a standalone basis revenue were Rs. 237 crores, up 20.9% over the same period last year, with margins improving to 17.2% from 9.4% in Q1 FY25 and PAT at Rs. 26.1 crore, up 122.8% YoY.

Our Indian operations delivered strong growth, with revenue at Rs. 237 crores, up 21.1% YoY and EBIT at Rs. 34 crores, up 143% YoY. The US business also performed remarkably well with revenues of Rs. 109 crores, up 21% YoY and EBIT at Rs. 27 crores, up 83% YoY. Given that the US market in order-driven, performance may vary from quarter-to-quarter. However, we expect the region to perform exceptionally well for this year. Together, these results highlight the strength and balance to our geographical portfolio.

On the policy and sectoral front, the government's continues emphasis on CNG adoption, green energy, and high-tech manufacturing in creating a favourable environment for high-pressure gas storage solutions. Emerging applications in areas such as compressed biogas, semiconductors and green hydrogen are gaining momentum and our high-pressure gas cylinders are already enabling safe and reliable storage in these segments.

Our capacity expansion front, both our new facilities in Mundra in India and in Egypt are progressing as per plan. These state-of-the-art plans will be instrumental in enhancing our ability to cater to growing needs for domestic and global customers. We expect both facilities to come onstream during the current fiscal, enabling us to step-up in supply capabilities from year FY27 onwards.

In closing, the first quarter has been a strong start of the year. With healthy demand visibility, upcoming capacity additions, a widening set of applications of our products and a strong balance sheet position, we are well positioned to capture the next phase of growth and continue delivering value to our stakeholders.

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

Moderator: Thank you very much. We will now begin with the question-and-answer session. Our first question comes from Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit Patil: Good evening to the Everest Kanto team. I have two questions. One is for Mr. Khurana, and one is for Mr. Kapur. My first question to Mr. Khurana is, with the demand rising in CNG and hydrocarbon cylinders. and global expansion underway, how are you planning the next big step for Everest Kanto? Are you building a roadmap to move beyond just cylinder supply towards smart gas storage, AI-led safety features or partnerships that can help Everest Kanto play a bigger role in the clean energy infrastructure ecosystem? Thank you.

Puneet Khurana: Just to give perspective, definitely on CNG and hydrogen, we are building new products. We continue to invest in product development and other activities. On AI, this is a primarily new subject for us. We are definitely exploring AI as the aspect of improving our processes and more efficiency at the plant level. What is the other question you asked? Sorry, I missed anything else.

Sucrit Patil: Yes. My other question was, is there a roadmap which you are planning?

Puneet Khurana: We continue to be strong in the cylinder business and product development in cylinder. In our business, we are catering across a wide spectrum of industry. It is sometimes challenging to go beyond just the focus on the cylinder business. The cylinder business itself has a lot of bandwidth it takes of ours. So, to go beyond that, sometimes we find it challenging. We continue to have a roadmap focusing on new products in the cylinder business only at the present. We are not doing anything outside the product line of the company and the core business of the company at the moment.

Sucrit Patil: Understood. Thank you. My second question to Mr. Kapur is, as you invest across plants and new tech and new formats like hydrogen and composites, I would like to understand how do you decide where to spend first? Is there any system of capital allocation that you follow which ensures short-term returns with long-term leadership in clean energy? I would like to understand your point of view on that, Mr. Kapur.

- Sanjiv Kapur:** Mr. Patil, obviously, we always look for value. If we are investing something, we will always look at the returns and the payback and based on that, I mean, our decisions are taken.
- Sucrit Patil:** Okay. That's fair enough. Thank you for the guidance and I wish you the best of luck for the next Q2.
- Moderator:** Thank you. Our next question comes from the line of Reet Jain from First Water Global. Please go ahead.
- Reet Jain:** Congratulations on the good set of numbers. My first question is regarding contingent liability. I saw in the annual report that GST liability stands at Rs. 352 crores, which is roughly 30% of our net worth. Just want an update on this and how confident we are that we will win this GST dispute?
- Sanjiv Kapur:** I will answer this. As I have already indicated earlier in my earlier discussions also that we have gone for a High Court appeal for which the hearing has not yet come and we also made representation to the government. I believe that very recently government has announced that they'll be having classification matters which will get resolved. Ours is also a classification matter which we believe we have put it strongly and we should get a favourable reply.
- Reet Jain:** Okay. When is the next hearing date?
- Sanjiv Kapur:** Hearing date is not yet available, but the GST council meetings and other things are already announced and by Diwali there may be a lot many changes which may come about and in that even the issue on classification is going to be addressed.
- Reet Jain:** Okay. Recently there was GST rate change in a lot of products. Are we still at 28% or 18%?
- Sanjiv Kapur:** We are at 18%.
- Reet Jain:** Okay. Got it. And regarding USA, what is the current order book?
- Sanjiv Kapur:** Order book is around USD 70 million.
- Reet Jain:** USD 70 million?
- Sanjiv Kapur:** Yes.
- Reet Jain:** And are we expecting any more developments in the order book for USA?
- Sanjiv Kapur:** We've got more than a year, 1.5 - 2 years of product which is already planned. Yes, I mean, it keeps coming, it's like we execute and we keep getting new orders.
- Reet Jain:** Got it. And regarding the new CAPEX, which is Mundra and Egypt, what is the commissioning timeline?
- Sanjiv Kapur:** For Egypt, we are having October to November as the start of trial production and maybe in the next 2-3 months after that, we will have commercial production. The impact would obviously be visible more in FY27.
- Reet Jain:** Okay. And Mundra?

Sanjiv Kapur: Mundra also is, being ready for the last quarter and we expect that we can have commercial production just before the quarter closes or rather the year closes.

Reet Jain: Got it. And could you comment on the demand scenario in Egypt? How is the demand there?

Sanjiv Kapur: There is strong demand there because the government is pushing for people converting their vehicles into CNG-based vehicles and we believe that that will be a good project for us to have.

Reet Jain: Ramp-up would not be an issue in Egypt, is it correct?

Sanjiv Kapur: Yes. Obviously, we will first start production and cater to the requirements and then go for Phase-II.

Reet Jain: No, I am talking about the existing land which we are putting up. The capacity utilization will not be an issue in the 1st Phase.

Sanjiv Kapur: No, it won't be an issue.

Reet Jain: Okay. Got it. And I saw your press release that we are seeing new opportunities in biogas, semiconductors. Can you comment on how big the opportunity is?

Puneet Khurana: Biogas in India, a lot of activity is going on by government incentives to set up more and more biogas plants for waste management. This is a sector that is growing quite aggressively from the last 2-3 years. We continue to see good growth in that. And semiconductor is a completely new segment, you know, we have introduced some products in the semiconductor industry. We are hoping this sector also to grow quite well in the coming future.

Reet Jain: Are we already in talks with a few customers for the semiconductor?

Puneet Khurana: We are supplying products in the sector. Only thing is, these are new sectors. So, like everything new begins, small, but we see a great potential future in this also. The thing is that there was a lot of discussion going on for years, but nothing was happening. Now, we can see biogas plants are coming, semiconductor industry investments are coming in a large way. Definitely, we feel that this kind of thing is going to give us an advantage going forward.

Reet Jain: Okay, got it. And my last question is are there any imports from China in India for the cylinder?

Puneet Khurana: Yes, there are imports, but they are not so significant, not such large imports are not there.

Reet Jain: Okay, I am asking this because our revenue in India for the whole year is close to Rs. 1,000 crores. Just wanted to understand the industry side. Is it a very small industry or I am missing something?

Sanjiv Kapur: The industry size, we have not been able to really map that because I mean, very few data is available of our competitors. Yes, it's an industry which is growing for sure and the imports like Puneet-ji said are not much to impact.

Reet Jain: Okay. Got it, sir. And all the best for the future.

- Moderator:** Thank you. Our next question comes from the line of Anil Jain from Equipassion Capital. Please go ahead.
- Anil Jain:** Congratulations for the good set of numbers. I just wanted to know what is your take on India business? It has grown by 20% in the quarter and margins have at 17%. How do you see the next quarter and the FY26 panning out in terms of India business?
- Sanjiv Kapur:** We believe that obviously with a lot many changes like the recent announcements, and we see a lot of positivity. Going forward, we expect we will do a good business here.
- Anil Jain:** Do you think that this kind of growth and margin are sustainable for the rest of the year?
- Sanjiv Kapur:** No, we will continue to want to achieve such margins. But obviously, we want to be conservative too. We will always go for a conservative margin.
- Anil Jain:** Okay. But what do you see the sustainable margins? Was there any one-off in the quarter or?
- Sanjiv Kapur:** No, it's not one-off. I mean, it's like we do make efforts to ensure that we are having good margins available. Obviously, there goes into strategy and planning also. Still, I would rather say that margins between 13% - 14% would be most ideal.
- Anil Jain:** Okay. And what about growth?
- Sanjiv Kapur:** Growth, 10% - 15% is what we are sure that it will happen.
- Anil Jain:** Okay. Looking at order book, you are expecting 10% - 15% growth, right? 14%-15% growth?
- Sanjiv Kapur:** Yes.
- Anil Jain:** And what about your US business? It has shown quite good margins. Do you see that sustaining?
- Sanjiv Kapur:** Based on our discussion with them, yes, they do say that they will continue to have good margins. And the quarter which has come except for the exceptional item, we believe that they would continue to have good margins.
- Anil Jain:** Okay. And what about UAE business? It has not done well in the quarter. So, where do you see it in the next few quarters?
- Sanjiv Kapur:** UAE will still be moderate. We are not saying much about UAE. They are facing certain headwinds around them and yes, they are also working hard to achieve their goals.
- Anil Jain:** Okay. What will be your total CAPEX on Mundra and Egypt this thing? And what will be the capacity addition?
- Sanjiv Kapur:** Capacity addition is around 120,000 in Egypt. In Mundra, it's around 200,000.
- Anil Jain:** Okay. And what will be CAPEX?

Sanjiv Kapur: CAPEX in first phase of Egypt is around Rs. 120 crore and in India, it's also around Rs. 125 crores.

Anil Jain: Okay. Both places are Rs. 125 crores. Out of this, how much has been spent already?

Sanjiv Kapur: Egypt, I would say around Rs. 70 crore and in India is around Rs. 90 crores.

Anil Jain: Okay. Egypt is Rs. 70 crore and Mundra is Rs. 90 crores?

Sanjiv Kapur: Yes.

Anil Jain: Okay. And what kind of revenue potential do we have from Egypt and margin potential there?

Sanjiv Kapur: Right now, we are still setting up the plant. We believe that once it works and we are able to control our production.

Anil Jain: I am talking about potential, not the actual numbers. Because you must be setting a plant looking at some numbers.

Sanjiv Kapur: There we believe we get at least a reasonable margin of around, similar to ours.

Anil Jain: Okay. And what kind of topline?

Sanjiv Kapur: Topline, still we're determining that. We will come to you separately on that.

Anil Jain: Okay. And what is your current order book like in India business? How do you see this current 2nd Quarter pan out?

Sanjiv Kapur: It's continuous. I mean, getting orders, we keep executing them. We always have around Rs. 60 crore of order book available to us.

Moderator: Thank you. Our next question comes from the line of Deepan Sankara Narayanan from TrustLine Holdings Private Limited. Please go ahead.

Deepan S. Narayanan: Good evening, everyone and thanks a lot for the opportunity. I joined the call late. Please excuse me if this question is getting repeated. In the presentation, we mentioned that company has this product mix was the key driver for margins improvement in India business. Can you throw more light on this?

Sanjiv Kapur: Yes, Mr. Deepan. Obviously, the product mix always will determine. At times, we have to let go certain orders where the margins are lower. We are trying to achieve this and yes, we are focusing more on high margin products.

Deepan S. Narayanan: So, how was the mix between CNG and industrial?

Sanjiv Kapur: The CNG normally is in the range of 55% to 60%.

Deepan S. Narayanan: That mix being normal only for us?

Sanjiv Kapur: Yes. It will vary. I am not having the exact, but obviously, it is in this range.

Deepan S. Narayanan: Okay. How do we how do we expect these India margins sustaining at these levels are going back to our old margin levels of 13% - 14% itself?

Sanjiv Kapur: I have already answered this by saying that we will like to say this on a conservative basis. So, that's why 14% but we try to get higher margins.

Deepan S. Narayanan: Okay. Because the margins has increased sharply to 17%, right? What is driving that is not understandable clearly. If this is the same case, it will get reflected in future. What will drive that margins to 17%? Or if it's going lesser, then what is that driving? That's the understanding we require.

Sanjiv Kapur: No, we will take it as it comes. I mean, I am sure we will wait for the next quarter to happen.

Moderator: Thank you. Our next follow up question comes from the line of Anil Jain from Equipassion Capital. Please go ahead.

Anil Jain: What is our total net debt as of 31st June?

Sanjiv Kapur: Net debt is close to zero only.

Anil Jain: Gross debt?

Sanjiv Kapur: Gross debt is Rs. 140 crores, on a consolidated basis.

Anil Jain: Yes, I understand. And after this thing CAPEX, will we be net debt free only? Or will be there some debt?

Sanjiv Kapur: Yes. We are solving this CAPEX through internal accrual as well as the borrowings. Yes, we may continue to be net debt free.

Anil Jain: Net debt free only. Okay.

Sanjiv Kapur: There'll be some borrowings, but obviously, there'll be earnings also. So, it'll match.

Anil Jain: Okay. We are taking term loan for that?

Sanjiv Kapur: Yes.

Anil Jain: What is the interest rate on that?

Sanjiv Kapur: Interest rate is around 9%.

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

Sanjiv Kapur: Thank you once again for your interest and support. Should you need any further clarifications or would you like to know more about the company, please feel free to contact our Investor Relations team or CDR India. Thank you.

Disclaimer: The transcript has been edited for clarity and accuracy. The Company takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.