

August 21, 2024

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001	National Stock Exchange of India Limited Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E) Mumbai- 400 051
Scrip Code: 543983	NSE Symbol: EMSLIMITED

Sub: Transcript for Earnings conference call with investors and analysts

Dear Sir/Madam,

This is with reference to our earlier intimation dated August 12, 2024, filed with the stock exchanges in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the conference call to discuss the financial results for the first quarter ended 30th June, 2024 scheduled for 16th August, 2024.

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 we are enclosing herewith the Transcript of Earnings conference call with investors and analysts held on Friday i.e. 16th August, 2024.

The Transcripts of Earnings conference call is also available on the Company's Website i.e. www.ems.co.in

Kindly take the above information on your records.

Thanking you.

Yours faithfully,

For EMS Limited
(Formerly known as EMS Infracon Private Limited)

Ashish Tomar
Managing Director and CFO
DIN: 03170943

Encl.: As above

EMS Limited
Q1 FY25 Earnings Conference Call
August 16, 2024

Moderator:

Ladies and gentlemen, a very good afternoon and welcome to the earnings conference call of EMS Limited Q1FY25. We have with us today Mr. Ramveer Singh, Chairman of EMS Limited and Mr. Ashish Tomar, Managing Director from EMS Limited. 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 * then 0 on your touchtone phone.

Incorporated in 2010 and headquartered in Ghaziabad, EMS Limited provides a range of services including EPC and O&M in sewerage solutions, water supply systems and waste water schemes for government authorities and local municipal bodies. EMS Limited offers water and sewerage infrastructure solutions including laying sewerage networks and building sewerage and water treatment plants across Uttar Pradesh, Maharashtra, Bihar, Uttarakhand and Rajasthan.

Now to discuss more, I would now like to hand over the conference to Mr. Ashish Tomar, Founder & Managing Director from EMS Limited to give his opening remarks. Thank you and over to you, sir.

Ashish Tomar:

Good afternoon. I am Ashish Tomar. Thank you for joining this investor call of EMS Limited. I would like to give you some information regarding the performance of our company in the first quarter of 2024-25. The company foresees continued growth on infrastructure development, especially water supply and sewage to enhance urban living and connectivity to provide sample growth opportunities in coming quarter. We've seen a good quarter, first quarter of the 2024-25. The company reported a significant increase of 63.12% in consolidated net profit after tax to Rs. 37.16 crore for the first quarter compared to Rs. 22.78 crore in the same period last year. Revenue from operations grew by 49.50% to Rs. 206.28 crore during the quarter vis-à-vis Rs. 137.97 crore in the same period last year. EBITDA also improved significantly to Rs. 52.53 crore during the quarter in the review, up by 57.13% from Rs. 33.43 crore in the same period last year. These figures were on the consolidated basis. If we are going to look at the standalone basis, EMS reported a 68.21% increase in standalone profit amounting to Rs. 36.84 crores for the first quarter compared to Rs. 21.9 crores in the same period. This growth is attributed to a surge of operating income driven by higher execution of works. Revenue from operations grew by 80.62% to Rs. 203.72 crores during the quarter compared to Rs. 112.79 crores in the same period last year. EBITDA also grew by 66.58% to Rs. 51.79 crore during the quarter in the review as compared to Rs. 31.09 crore in the same period last year. Despite ongoing elections in the last quarter of 23-24, we were able to secure three good projects in the last quarter, which has culminated into contracts for EMS. These include one work in Vikas Nagar, amounting in excess

of Rs. 530 crores; one work in Dehradun, amounting to Rs. 141 crores and another work in Uttar Pradesh, around Rs. 120 odd crores.

So I think that is all from my side. And if there are any questions, I will be happy to take them. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Dhruvesh from Prospero Tree. Please go ahead.

Dhruvesh: Sir, in one of the television interviews, you said that you will be entering the real estate business. I guess you are talking about EPC for real estate or you are going to become a real estate owner?

Ashish Tomar: No sir, I am talking about joint development in capacity of EPC contractor with real estate players.

Dhruvesh: Where does the contractor becomes the joint developer? I did not understand. Will the sale price of the project affect your fortunes or you will get the payment for your construction only?

Ashish Tomar: Our rates will be fixed on per square foot basis which will be entered into a contract by us, keeping the margins constant as in our books right now.

Dhruvesh: Okay, Sir, but whether their real estate project was sold or not, this is not your responsibility, right?

Ashish Tomar: No, not at all.

Dhruvesh: Sir, you had spoken about the manufacturing sector. Can you tell us a little bit about it?

Ashish Tomar: Yes, sir. We have acquired a manufacturing entity in Fatehpur, UP. We have told in our board meeting that our plan is to shut down by December. Ultimately, we will use that property as collateral which we need for banking facilities.

Dhruvesh: But what will you manufacture here?

Ashish Tomar: Manufacturing is still happening there, sir. Flex paper. But ultimately, we will not focus on flex paper. The property is taken from the bank in an auction. So we will use it as collateral to keep it in the bank, because for BGs and facility we need collateral. 2-3 years ago there was an NPA unit named Mascot, we acquired that and in that almost 60%-70% of market value we got from auction from bank. And right now, we bought it at Rs. 22-23 crores and now it is at a value of Rs. 50 crores as collateral in bank.

Dhruvesh: And at what price did you buy this new property, the Flex? Approx. will do.

Ashish Tomar: 50 crores and a little more.

Dhruvesh: I understand that you are taking in discount, it is your positive approach, but generally investors may not like to see in this way because our job is not to acquire assets, but okay you got for 30%-40% discount, but beyond the point the price will get locked up at a certain level, it will dragging from there on in our books.

Ashish Tomar: No sir, look, in this EPC business, we have to give performance guarantees to the bank in our work. And to issue performance guarantees from the bank, we have to keep some cash margin and some collateral. Which is around 20%-30% So we definitely need that property. If I look at it now, it is around Rs. 500 crore facility. So for that, collateral is needed and as the business progresses, we will need collateral to improve the facilities and increase them. So, when we have to take it, when we are getting it at a discount, that's why this call has been made

Dhruvesh: Sir, in terms of overall order pipeline and order book, if you can tell us about it. In last one quarter what Incremental work has been done, if you can tell about that please?

Ashish Tomar: Last quarter we got a revenue of Rs. 203 crores as compared to the first quarter of 2023-24, which was Rs. 112 crores. So it's about 80% growth.

Dhruvesh: Sir, I am asking how many new areas you participated? What type of expectations have you seen in the last three months?

Ashish Tomar: The bid pipeline is more than Rs. 4000 crores, where we have participated and the maximum result should be within one to two months. As for the new orders, because the elections have been concluded two to three months ago, the evaluation process has slowed down. The tenders that we had put in the second quarter of last year, has opened now. So, this way, the new order inflow was not so much, but still, despite the elections, we have been successful in acquiring three to four large projects. And we hope that in the coming one or two months, the 4,000 crore pipeline, considering our success ratio of 10% to 15%, will definitely be converted into orders.

Dhruvesh: How much is today's order book as of today?

Ashish Tomar: Sir, in excess of 1800 crores unexecuted work is with us.

Moderator: Thank you very much. The next question is from the line of Prathamesh from Tiger Assets. Please go ahead.

Prathamesh: Just a follow up. I think yesterday I was listening to one of your interviews. So you told like in coming time we also will be going for the road EPC. So I wanted to know that the margin of 24% that you had said yesterday, it has become sustainable even in the road. So I just wanted to know.

Ashish Tomar: If we do project selection rightly, those project with more negatives, the HAM model projects, in that margin is achievable.

Prathamesh: So, I think for the HAM model, we will also require funds. Do you have any plan for the fundraising?

Ashish Tomar: Now the requirement is not there. It depends on how many project gets converted, it is based on that too, but as of now there is no requirement. We have working capital available and we can do in that.

Prathamesh: Since when are you looking for this road, sir, to bring it into business?

Ashish Tomar: Yes, you can say from the last two quarters. We had put two bids. Unfortunately, that has not been successful. We are planning other things.

Prathamesh: I was a little bit curious. There is so much demand in water. Jal Jeevan Mission, Nariman Ganga, etc. Like, why are we leaving water and looking at the road? Why are we not focusing on water only? Like, our growth has also improved in the last couple of years.

Ashish Tomar: We are not talking about leaving sector. Primary focus is water. Almost two thirds of the work is done in the water sector. And going forward, this mix will be around this. But for growth, we are looking at other aspects without compromising on the margins. If we can get work on these margins, then it is very good. We will put in the bids will be based on our margins.

Prathamesh: And sir, how long will the order book of Rs. 1800 crores be executable?

Ashish Tomar: Two years. It will be executed in two to two and a half years.

Prathamesh: EBITDA will be 24%? to 26?

Ashish Tomar: Yes, sir, these are all projects with the same margins.

Moderator: Thank you so much. The next question is from the line of Viraj Mahadevia from MoneyGrow. Please go ahead.

Viraj Mahadevia: Can you highlight what is the uniqueness or proposition of EMS versus or other EPC players to achieve much higher margins of 25%-26% versus many other players in the industry at the moment anywhere from 13% to 16%?

Ashish Tomar: Primarily we think we would like to see ourselves as not as an EPC company, but an engineering company. The very major portion of the work that we do requires engineering of the work that has been awarded to us. And the margins as well as execution is based on how well that engineering has been carried out. So I think that may be a contributing factor to the difference in the margins that you see. Also, I think we've got an excellent team of engineers and support

staff which have helped us to execute the projects in a timely manner without seeing cost overruns or delays. Apart from that, we operate on an asset-light model. We do not have any debt on our balance sheet. So all these factors cumulatively contribute to the margins, as you can see.

Viraj Mahadevia: So tell me, if a municipality were to give you a contract, either to build a new contract, or to build a new contract, a sewage system or to upgrade or renew an existing very old sewage system. Would you simply design it and outsource the actual work to other people? So is your uniqueness really your understanding of everything that's below the ground around the sewers and hence you can design this including the necessary equipment and latest technologies etc. and is it that you just contract out the remainder of the work and hence you maintain the high margins? Is that understanding correct?

Ashish Tomar: We execute the work ourselves. The design team is and execution teams both are different in our company and the execution teams carry out the project based on the design that is given by the design team. So we do not subcontract the work to other contractors. We execute the work ourselves.

Viraj Mahadevia: And who is your competition in this space? Are there a lot of players, niche players in the sewerage sector and are any of the bigger EPC or design companies getting into this space?

Ashish Tomar: If you were to consider players similar to our size, then I think there's a few companies based out of Gujarat, LC Infra, DR Agarwal, Infracon. Then there are some companies in Mumbai, Khilari infrastructure is one of them. And then some companies based out of Andhra, Mega engineering, NCC and L&T, Shapoorji, Pallonji also used to participate in these kind of works, but lately we haven't been seeing them participate enough in this sector.

Viraj Mahadevia: And given the runway on orders, are you likely to see a swelling order book in the next six to nine months, given the comments in the budget regarding water sector and sewage?

Ashish Tomar: I think there's going to be a significant increase in the water sector works that are going to come out of the government entities. And those will definitely translate into much more orders for us.

Viraj Mahadevia: How many orders have you bid for currently? Totally value? Currently, sir, we have bid for orders worth of Rs. 4,000 crores excess.

Moderator: Thank you very much. The next question is from the line of Tej Patel from Nivshay. Please go ahead.

Viraj Mahadevia: Sir, can you tell me the number of permanent employees, how many employees are permanent, on a permanent payroll at EMS?

Ashish Tomar: Because it is site based work, some staff don't migrate from one site to another. You can consider between 250 and 300 permanent employees. Sometimes it's 260, sometimes 270, sometimes 280. It's around it.

Viraj Mahadevia: So sir, my question was because, sir, if I talk about my employee cost, right? Let's say, previous year, it was Rs. 14 crores. But 80% of the salary is going to KPIs and the remaining 20% are going to Rs. 2 crores for your permanent employees. I am not talking about the contractors who take you on the contracting business. But I am trying to know that your 200 employees are on full time 80% of your employee cost goes to KPIs the remaining Rs. 2 crores goes to your 200 employees. If I count from that, basic math, the employee's salary will be Rs. 8000 per month. So sir, I am feeling a little confused as to why there is an engineering company today, how could the salary be less than Rs. 8000 a month, right? So sir, is there any reason or something that can be elaborated on this?

Ashish Tomar: Sir, I think I will issue further clarification in this, but as far as I know, it will not be this less.

Viraj Mahadevia: I am telling you from the data in DRHP, sir, your employment cost was Rs. 14 crore, I am not wrong. And out of that, sir, your KPI was Rs. 12 crore. Your directors and you and to Ramesh Singhji and the rest was left with Rs. 2 crores. In 2 crores, you are saying that your permanent payroll is 200. So, if you do basic math, that will be enough. And I am asking about the employees in DRHP.

Ramveer Singh: The salary received every month is 70-75 lakh rupees that goes to the employees. 272 employees. It can't be every month that you have 2 crores in your account. It's at least 9-10 crores. Something has gone wrong. Okay sir. If you look at the salary of the last month, it's 75-80 lakhs. It can't be like what you said. It can't be less than 10 crores. Some wrong calculation from your side. At least Rs. 70 lakhs to 80 lakh every month goes from headquarters. We are doing it, so we know it can't be less than 10 crores.

Viraj Mahadevia: I will check the cost at the end of the day. Okay, sir, and if you could tell us the split between water and non-water segment in our order book?

Ramveer Singh: 75% water segment, 25% from other.

Viraj Mahadevia: Okay, and sir, just like you just won the water in the transmission, and you said in the interim that you are going to the real estate building civil side, so sir could you maintain that or the margin similar to what you are doing, 25%?

Ramveer Singh: The first focus that we have is momentum. We do all the work. But till now we mostly work on our own wastewater. And if we get any project in which our margin is not affected, we do it.

Viraj Mahadevia: And sir, in the tenders that we bid, how many bidders are there approximately?

Ramveer Singh: There are different numbers. There are 4, 5, 7, 3, 8 or 10.

Viraj Mahadevia: So approximately, let's say 4-5, right? I'm trying to understand how you're making the margin of 25%-30%. How are you doing it? I'm seeing that your margin is similar to the other EPC players. The other players who are working in this field, you're working on the private side, generally, they're making 15%-17% margin and there are 5 of them are average tender bidders.

Ramveer Singh: Just understand we have not financial cost on project. We don't have any headquarter cost which other companies have, we don't have the similar cost which other use to have. Our overheads are very low.

Viraj Mahadevia: Sir, that is why I asked that employee question because your 80% salary goes to KPI.

Ramveer Singh: No, I told you about it. I said that it is between 2 crores - 2.5 crores. So it will be 10%-12%. Whatever procurement we do we do it on advance payment. But difference exists there too. We make monthly payment for all employees. In that also 15%-20% cost cutting happens. Everyone has the same margin.

Moderator: Thank you. The next question is from the line of Dinesh from Finsights. Please go ahead.

Dinesh: I had a question, sir. I was looking at your financials. We have acquired 75% of the company, that's Brijbihari Pulp and Paper, Private Limited. Can you tell us the details of this?

Ramveer Singh: We have to give PPG in the projects we do, up to 10% or 15%. For example, we have orders of 3-4 thousand crores, so we get a bank guarantee of 500 crores-600 crores. We took it from the bank. The bank gets 60-70% of the discount on the cost of property. We thought that we will not give the FDR to the bank. We will give the property of the FDR money. It will increase by 4% to 5%.

Dinesh: No, very good. Actually, the business logic or idea are very good. My question is, how much did you pay for this property? What was the cost of the property?

Ramveer Singh: Rs. 60 crores.

Dinesh: If I see the information of company online, in that Directors of Brijbihari Pulp and Paper Private Limited are Rajvir Agarwal and Ramveer Singh are like this. Is it a related party transaction or are the people different? Or are they part of the company, EMS itself?

Ramveer Singh: No, Rajvir Agarwal is different.

Dinesh: And Ramveer Singh?

Ramveer Singh: It's me. Chairman.

Dinesh: But here it is written as Director.

Ramveer Singh: When participated my intention was that. So to avoid mutual competition so we decided together. In bank they said I am partner so I won't be able to, so you give money and you give. So later he gave it to us.

Dinesh: EMS's subsidiary will be, right, after 75% acquisition?

Ramveer Singh: Yes, absolutely. Those are company assets, then 25% is mine.

Dinesh: And 25% is your and 75% is on company assets, right?

Ramveer Singh: Yes.

Dinesh: My next question is, in this year, in 2025, what total revenue are you expecting from your business, from EMS? 25%-30% plus from the previous year. Around 1000 crores.

Moderator: Thank you very much. The next question is from the line of Rishit Jhaveri from Pi Square Investments. Please go ahead.

Rishit Jhaveri: Sir, I just wanted to know that how much cash you will be getting for balance sheeting before the acquisition of the new line?

Ashish Tomar: Yes sir. Around 90 crores.

Rishit Jhaveri: Yes. And out of that, 50 crore is being given by cash?

Ashish Tomar: If we look at our numbers at the end of March, our trade receivables were very stretched, around Rs. 250 crores.

Rishit Jhaveri: So, sir, that has been a cool down for us. How much cash has been realized from trade receivables in this quarter?

Ashish Tomar: All payment has come.

Rishit Jhaveri: In this quarter how much?

Ashish Tomar: It will be around Rs. 125-150 crores.

Rishit Jhaveri: Our cash flow from operations was a bit stressed since last year because working capital and receivables were getting higher. So, are we targeting to get back positive by September 2020 or 2021?

Ashish Tomar: No sir, this is our business model. Our work is not manufacturing that we make goods and take money. In this, we handle about 10%-15% of the work that we do as project commissioners. This comes after that. And the payment cycle is for about 3 months. This is a very widespread work. First, our execution team measures it and puts the bill up. After that, the PMCs of the

department are done. They verify it, after recommending it, the department cross-check it, and then it is recommended for payment. It's a three-month payment cycle, sir.

Rishit Jhaveri: Sir, the last question is, we are taking an entry in real estate as EPC Developer. Will we do joint development with other private players or will we be partners with the government?

Ashish Tomar: We are currently doing a project with the government in Mumbai. It is about 325 crores. We are developing housing colonies for RBI.

Rishit Jhaveri: The payment will be for 3-4 months after completion. And you can decide.

Ashish Tomar: Thank you very much. The next question is from the line of Dhruvesh from Prospero Tree. Please go ahead.

Rishit Jhaveri: Sir, if we see your overall 3 years of aspiration, from which direction we are going, can we say that in FY28, in 3 years, we would have executed 2000 crores?

Ashish Tomar: We can say so.

Ramveer Singh: Look, if we stay, we have kept our business model like this. We have kept more focus on the water sector, at 70%-80%. Then it will be 1500-1600 approximately. And if we increase the building a little and increase the road, if we go to the highway, then it will be 2000 plus, very easily. But we will keep the same margin, it takes some time to select the project.

Rishit Jhaveri: Sir, second question is that we have been asking you about the margin of the last four and five quarters. All the people are asking you that your margin is very high, how is it so high? Do you think why we are not understanding why your margin is so high?

Ramveer Singh: In this grade or sector, the companies that are doing so much turnover, you will see a lot of hi-fi in the infrastructure. The overheads of them are very high. and the establishment are not less than 10%-15%. And that 15% is being they are earnings even after that. And our expenses are 2.5%. So where are we earning more from them? We are just cutting down our expenses.

Moderator: Thank you very much. The next question is from the line of Vijay Rawat from Vedant Capital. Please go ahead.

Vijay Rawat: Sir, my question was, your order win rate is near about 10% and in the last two months as an investor we have attended the concall of many companies, especially the new IPO that is coming in your sector, the water sector. So they said that our order win rate is near about 20 to 30%. But their margin is 15%-16% and your margin is near about double. So if we want to increase the growth rate of the company, can we bring a hot process on that? If we increase the order win rate and compromise the margin, then our growth rate can come up.

Ashish Tomar: No, sir, we will not compromise on the margin. But we will increase the number of tenders in which it participates. So the quantum of the order we will increase. But I think the win-ability ratio is around this. So it takes a little time to work on the margin and this rate.

Vijay Rawat: And sir, last concall, you said you will be growing by 30%. According to that, your revenue should be near about Rs. 1100 crores in FY25. So are you on track? Because in June, the number has come down a little.

Ashish Tomar: This is a quarter-to-quarter sector. Our main work is to put pipelines on roads. It's excavation-based work. So, the third and fourth quarters always have more volume. The departments, the funds that are allotted, want to spend in that financial year. The first quarter is slow down, because of rainy season, so comparatively second quarter is the slowest quarter. If you look at the books of the last 4-5 years, the second quarter is the slowest, and the third and fourth quarters are the fastest.

Vijay Rawat: Right. So the 30% guidance you gave in the last phone call will be achieved, right?

Ashish Tomar: Yes, sir. Positive.

Vijay Rawat: My last question is, if we look at the total of cash flow from operations in the last 4 years, then your net profit of the last 4 years is Rs. 508 crores and your cash flow from operations is minus Rs. 82 crores. So, this is understood for 1-2 years, but there is a lot of difference in the last 4 years. So, the business is getting profit but not cash flow. What is the reason for this?

Ramveer Singh: Today, what happens is that we have 15% of the security and retention. And it's a three-month cycle. So, if we are increasing our value by 30%, then we are working with a larger use. And 15% means that our value was 800, so we are giving 120 crores. So, similarly, for three months, if you have to do a turnover of 1000 crores to 1,100 crores, then you should have a turnover of about 90 crores per month. And 9 to 27 months, you should have a turnover of about 375 crores. That's how it is. There are some arbitrations also going on. Okay.

Vijay Rawat: So sir, will the cash flow from operation improve in the future or will it continue at this rate?

Ramveer Singh: No, it will improve. It's still there. Till now, if we don't need money, we don't have any loan, that is how we are running the system.

Moderator: Thank you very much. The next question is from the line of Rishit Jhaveri from Pi Square Investments. Please go ahead.

Rishit Jhaveri: Yes sir, Pulp & Paper Company in which Ramveer sir is the Director, before the NCLT process, was that the equal partnership?

Ashish Tomar: No sir, 25% was Ramveer sir's and the rest was others.

Ramveer Singh: Okay, so the other partners, they gave the full stake. We have taken a stake in EMS for 25% share will be Ramveer sir's ownership.

Moderator: Thank you very much. The next question is from the line of Jitin, an individual investor. Please go ahead.

Jitin: For the payment delay issue, because there are many organizations which are facing the payment delay issues, the election in the past and now going forward Is there any payment delay issue which you are anticipating in the revenue quarters of FY25?

Ashish Tomar: We are not facing any payment delay issues. The nature of the business is such that we almost 10% to 15% of the amount gets withheld by the department in shape of retention money that is released after commissioning of the project. So as you can see that we are growing at a rate of around 30% to 35%. So the retention money, which is going to be released this year, considering the completion time of projects is around three years. So this year, those projects for which have been completed started three years back, those projects retention money will be released today. So the retention money is going to be incremental going forward due to the increase in the turnover. So we do not face any payment issues because we target projects that are funded by World Bank, ADB and other external agencies or at the very least central government. So payment issues we do not face as such.

Jitin: H1 versus H2 sir, if you could give me a number like in H1 how much revenue it generates and for H2 how much revenue you anticipate?

Ashish Tomar: So I think it would be anywhere around for H1 it would be based on year-to-year 30% to 40% and for H2 it would be 60% to 70%.

Jitin: I see. So 30% to 35% you mentioned about top line growth isn't it?

Ashish Tomar: Yes.

Moderator: Thank you very much. The next question is from the line of Dinesh from Finsights. Please go ahead.

Dinesh: The paper pulp project that we have purchased in the 75% stake, my request to you is that if I just read the financial report that you have released, press release, there are no details of it. Since it is a major acquisition of 50 crores-60 crores. So whenever such transactions happen, as an investor, we would like to know what was the cost of it, what was the condition of the project, is it a paper-pulp business, is it an operating company or is it just land which we have acquired. So we need to improve our level of disclosure. Who were the previous owners, and, as you just said, 75% is with EMS and 25% is with the individual person, Ramveer Singh sir. So, these are the things and my request to you is that you bring it in disclosure report, press release, so that the investors are clear. Is it fair sir?

Ashish Tomar: Sir, I'll take that question. Another existing unit, in that 25% Ramveer Singh ji. It is an associated company which is in public domain already. We have just formed committee. Rest details we will give going forward before transaction is done.

Dinesh: So the transaction is not completed yet, so payment has not been done, is that what you are saying?

Ashish Tomar: No.

Dinesh: This will be my suggestion.

Ashish Tomar: Yes. We have considered it just now, that's why we have decided to acquire it. In that, maybe Rs. 5 crores-7 crores advance to be given, we have intimated it, that too has not gone. Going forward, when the transaction will occur, then we will put proper information about it in the public domain.

Ramveer Singh: I will explain a little bit more. This decision will be taken by the bank. This decision is not of any company takeover. This is an asset takeover. Either we give FDR in the bank or we give property to the bank. We are buying property for that.

Dinesh: Assets which we are buying, any reuse of this, for some manufacturing, what will be the purpose?

Ramveer Singh: Purpose is only mortgage collateral manner.

Dinesh: Any manufacturing happening in the property?

Ramveer Singh: FLEX paper is being manufactured.

Dinesh: Where will the revenue go? Will we continue or not hereafter?

Ramveer Singh: If it profitable we will run else will close it. We are not taking the money to run the business. We are buying assets. And we are taking it at the same rate.

Dinesh: I understand sir. As an investor we want to know, whenever you make such a big investment of Rs. 50 crores -60 crores, which is a big amount for our company, what will happen to that asset? Will we sell it or not? We will keep it as mortgage, sir, it will be reused.

Ramveer Singh: Today, the value of 50-60 crores that we have received from the bank that is at least 100 crores of assets today. And it will escalate faster. And the new thing is that we put in 50 crores of FD. In that, we will get 5% interest. And on that, we will give 30% income tax. So that 50 crores will decrease every day. That money, we have to give that FDR. Either we give FDR or some collateral, some asset based exchange. Our primary purpose is collateral.

Moderator: Thank you very much. Next question is from the line of Dhruv Joshi from Novama. Please go ahead.

Dhruv Joshi: I just had two questions. Firstly is just a simple clarification on the order that you won from the UP Jal Nigam. You mentioned that your share is 26% of the total order. So am I understanding that right? The 120 crore is your share or the 120 crore is the entire order?

Ashish Tomar: 120 crore is the entire order.

Dhruv Joshi: The next question I had was in understanding the geography mix. So in the open comments also we hear that you mentioned apart from the usual UP and Uttarakhand, you also have made forays into Maharashtra and Rajasthan. Could you help us understand this geographic mix that you have currently?

Ashish Tomar: Yeah, currently we are operating in Uttarakhand, UP, Bihar, Rajasthan, Madhya Pradesh and Maharashtra. And we have projects in West Bengal, Jharkhand also.

Dhruv Joshi: My question was to understand, I mean, what percentage is allocated? I mean, so basically from what I understand, UP and Uttarakhand would be like the heavy parts of your revenue contributors. So just trying to understand that percentage wise.

Ashish Tomar: So this mix changes year to year. So currently if you were to see position right now, I think the majority of that work would come from Uttarakhand, followed by Rajasthan, then Maharashtra, then UP, and then Bihar.

Dhruv Joshi: All right, okay, so this is going to be the orders that, I mean, the new projects that you would have or the mix that you currently have, right?

Ashish Tomar: As and when we acquire new projects, based on the state they come from, this mix would change.

Moderator: Thank you very much. The next question is from the line of Vanshika Gandhi from Kambartha Securities. Please go ahead.

Vanshika Gandhi: And I have a quick question, the first thing, with the increase in your long-term borrowing, how does the company plan to manage its debt levels exactly? Is there any strategy that you have to reduce leverage over time, maybe through preferential shares or internal accruals, or is there like, do you plan on getting further borrowing?

Ashish Tomar: I think there must be some misunderstanding because currently we do not have any long-term borrowings. Maybe there are one or two odd vehicle loans. Apart from that, there are no long-term borrowings.

Moderator: There are no further questions. I now hand the conference over to Mr. Ashish Tomar, Founder & Managing Director from EMS Limited for closing comments.

Ashish Tomar: I would like to thank you everyone for taking the time out to join this investor call and also I would like to issue a clarification on the first question that we got that the percentage of salary that goes to the KMP being on the higher side, the salaries portion for the previous year was around 23.78 crores, out of which only 13.76 crores goes to KMP and the rest is for salaries to the other staff. After that, I would like to thank you for joining this call. Thank you, everyone.

Moderator: On behalf of EMS Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.