KILBURN ENGINEERING LTD.

Plot No.6, MIDC - Saravali, Kalyan Bhiwandi Road, Distt. Thane 421 311 Maharashtra, India
: +91 2522 283000 mail : cs@kilburnengg.com : www.kilburnengg.com

31st May, 2024

To
The Corporate Relationship Department
BSE Limited
P.J. Tower
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: BSE 522101

To,
The Secretary
The Calcutta Stock Exchange Ltd.,
7 , Lyons Range,
Kolkata – 700 001

Scrip Code: CSE 21022

Sub : Transcript of earnings conference call on the unaudited Financial Results for the quarter and financial year ended 31st March, 2024.

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith transcript of the earnings conference call held on 28th May, 2024 to discuss the unaudited financial results of the Company for the quarter and financial year ended 31st March, 2024.

Yours faithfully,

For **Kilburn Engineering Limited**

Arvind Bajoria Digitally signed by Arvind Bajoria Date: 2024.05.31 16:51:00 +05'30'

Arvind Bajoria
Company Secretary
& DGM (Costing)
M.no. ACS – 15390

Encl : as above

KILBURN ENGINEERING LTD

Q4 & FY24

POST RESULT CONFERENCE CALL

May 28, 2024 - 12:00 PM IST

Management Team

Mr. Ranjit Lala, Managing Director
Mr. Anil Karnad, Whole Time Director
Mr. Sachin Vijayakar, Chief Financial Officer
Mr, K Vijaysankar Kartha, MD, M.E. Energy Pvt Ltd

Call Coordinator

KAPTIFY®

Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, good afternoon. I welcome you all to the Q4 and FY'24 Post Earnings Conference Call of Kilburn Engineering Limited. Today on the call from the management we have with us Mr. Ranjit Lala, Managing Director; Mr. Sachin Vijayakar, Chief Financial Officer; Mr. K. Vijaysanker Kartha, MD of M.E. Energy and Director in Kilburn Engineering; and Mr. Amritanshu Khaitan, Promoter and Director.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also a reminder that this call is being recorded.

I would now request the management to detail us about the business performance highlights for Q4 and the year that went by, growth plans and vision for the coming year, post which we will open the floor for Q&A. Over to you, Sir.

Ranjit Lala: Thank you, Vinay. I would welcome you all to the earnings call today. It's time of the year for us to apprise you of the results and the development at Kilburn Engineering and our subsidiary, M.E. Energy. To begin with, for the benefit of those attending our call for the first time, I'll brief you on our business. Based at MIDC Saravali, near Kalyan, Kilburn has been in the business for four decades into engineering, manufacturing of customised process equipment, industrial drying solutions, packages like rotary dryers, paddle dryers, VFBDs, and others. Our standard products also include dryers and withering systems for the tea industry.

Coming to our subsidiary, M.E. Energy, the acquisition of this company by Kilburn was completed on 20th of Feb, 2024. M.E. Energy based at Pune is a leading waste heat recovery and waste heat reutilisation systems provider, which are designed to deliver energy saving solutions. Their portfolio consists of waste heat recovery units, process integrated boilers, thermal oil systems, heat exchangers, and other thermal engineering solutions. These applications of M.E. are found in almost all industrial applications. Since the product portfolio of both the companies are complementary in nature, we expect a good synergy in the coming times.

Coming to the results, KEL results on a standalone basis are as follows. Revenue from operation for Q4 stood at ₹85.25 crores, and for the financial year it was ₹293.2 crores. This is an increase of 32% year-on-year. EBITDA for Q4 was ₹19.1 crores at 22%, and for the year it was at ₹64.87 crores at 22.1%.

As I mentioned, we had completed the acquisition of M.E. Energy on 20th Feb. The consolidated figures stand as revenue from operations, ₹329.48 crores, and EBITDA of ₹76.39 crores. This is the post-acquisition figures. Our order book backlog as of 31st March at group level, that is both the companies together stand at ₹284 crores. It is a good robust and well diversified backlog.

In the current financial year, we have received orders of ₹65 crores till date. In addition, our current enquiry pipeline is in the range of ₹2,000 plus crores for both the companies together. At the group level, we are targeting order intake of ₹500 crores plus. For the financial year '24-'25, we are targeting a consolidated revenue of ₹500 crores plus with an EBITDA of 20%. So all in all, we are looking forward to a busy year ahead. Thank you.

Moderator: Thank you, Sir. Do we start the Q&A?

Sachin Vijayakar: Yeah.

Question-and-Answer Session

Moderator: Okay. Anybody who wishes to ask a question may use the option of raise hand now. We will invite you to ask the question. In case you're unable to do that, you can put the questions in chat, and we'll ask on your behalf.

So we'll start the first question from Varun Agarwal. Varun, you can go ahead.

Varun Agarwal: Congratulations for the consistent performance. I just wanted to know to achieve the targeted growth of ₹500 crores, do we need to add any capacities in the existing units?

Ranjit Lala: Right, Varun. So we have planned expansion of the M.E. Energy factory at Pune for which we have set aside a CapEx.

Varun Agarwal: At Kilburn, do we need to add anything additional?

Ranjit Lala: At Kilburn, our CapEx is more to upgrade our factory. For example, we have recently added a clean room for a special kind of welding. So we are looking at CapEx, which can enhance our performance. As far as Kilburn is concerned, we know that we don't have any further space for expansion. But at M.E. Energy, I've also informed in the past that we have sufficient land where we can build two bays more.

Varun Agarwal: Thank you and all the best.

Ranjit Lala: Thank you.

Moderator: Thanks. We'll take the next question from Jinesh Sipani.

Jinesh Sipani: Congratulations for a good set of numbers. One thing I'd like to ask on opportunity. As I was reading this company, Epsilon India, who is doing CapEx worth ₹10,000 crores in carbon black. And as we have something about 35% of market share, 35% of value, we can supply to the entire CapEx and having 80% market share. So, what are our views on the growth on this CapEx, which is done by Epsilon India?

Ranjit Lala: Well, Epsilon India is definitely an important customer to us, and we have been supplying them from time to time. But there's only a certain limit to which we can accept orders. And they may have an expansion of ₹10,000 crores, but the level of orders that we can get would be in the ₹50 crores or ₹60 crores as of now.

Jinesh Sipani: For the entire CapEx, which they'll be doing?

Ranjit Lala: That's what we would be targeting, because the CapEx would be a lot more than we can offer.

Amritanshu Khaitan: Ranjit, if I can just mention, the news on Epsilon's CapEx is also for different industry they're getting into, like battery grade, battery technology. So I don't think the ₹10,000 crores CapEx is for carbon black per se. Whatever capacity expansion they do in carbon black is what Kilburn will address. Beyond that, they have yet not given details to us if there's any other opportunity for us to address any CapEx with them.

Jinesh Sipani: Okay. And is my understanding correct that we can supply CapEx value up to 35% of the entire carbon black CapEx?

Amritanshu Khaitan: If you look at the total carbon black plant, today after acquiring M.E. Energy, we have the capability to give over 50% of plant expansion.

Jinesh Sipani: Okay. And as we have given consolidated numbers of quarter four, can you just give the highlight what would be the consolidated numbers of quarter three?

Amritanshu Khaitan: There was no consolidation earlier. The acquisition got completed only on 20th of February.

Jinesh Sipani: Okay. So can you please guide what was the revenue booked in M.E. Energy up to Q3 and in Q4?

Amritanshu Khaitan: Sachin, you can take that.

Sachin Vijayakar: Out of the total revenue of ₹76 crores for the entire year, ₹36 crores was booked during this from 20th onwards till year-end. So what is consolidated with our revenues is ₹36 crores of top line and ₹11 crores of bottom line, PBT. That is what is consolidated.

Jinesh Sipani: Okay. Got it. And would you like to give any target revenues for FY '26 & FY'27 as we got close to achieve ₹500 crores for FY '25?

Ranjit Lala: Well, one step at a time. Right now, our target is to close ₹500 crores in the current financial.

Jinesh Sipani: Okay. Thank you. All the best.

Moderator: Thank you. We'll take the next question from Agastya. Agastya, you can go ahead, please.

Agastya Dave: Good noon. Hello, Vinay. Thank you for the opportunity and congratulations. Great numbers. Could you just please repeat your EBITDA margin guidance?

Ranjit Lala: It would be in the range of 20%.

Agastya Dave: 20%. You cater to a lot of different industries, and you just touched upon your capabilities in terms of what you can handle in carbon black. Can you also provide some qualitative understanding as to your capabilities in the other industry segments? And also some commentary on with respect to demand that you are seeing in these industry segments?

Ranjit Lala: Well, we cater to soda ash as well in petrochemical business, fertiliser business, oil and gas. We are also talking about getting into the cement industry. So we're already there in the food industry, in the clean drying. So we are across many segments. We are into chemicals industry. When we talk about the demand, I can say that our current enquiry pipeline is in the range of ₹2,000 crore plus. So let's say around ₹1,500 crores for Kilburn, around ₹700 crores for M.E. Energy. And this would give you an idea as to what kind of opportunities exist. So that's how we are targeting a figure of ₹500 crores plus.

Agastya Dave: Sir, my question on the capabilities was more like, just now you guys said that if there is a large carbon black CapEx announced, then you guys can provide 50% of the -- you have the inherent capabilities to provide to cater to address 50% of the CapEx. And then the other industries, to what level of expertise and capabilities have you reached? That was my question. So, for example, if there is a soda ash plant, how much can you provide?

Ranjit Lala: Well, I would not have a number offhand, but what we try to do is that along with our equipment that we manufacture, we also try to provide the peripherals more as a solution to the customer and that depends on a case to case basis. Giving a ballpark number may be difficult at this point of time as to what portion of soda ash plant we can provide.

Agastya Dave: All right. And so one final question. In terms of, what you provide your clients, how much of them are consumable in nature? Are there any like pieces of machinery which get like, there is a much frequent change or turnaround in those machines? These all are mechanical systems, so wear and tear is obvious. So, do you have any components which have a much higher frequency in terms of wear and tear?

Ranjit Lala: Well, most of the CapEx equipment that gets into these industries have a life cycle of around 20 to 25 years. And there might be some components which may need a replacement, which we supply from time to time.

Agastya Dave: It's minor then, okay.

Ranjit Lala: It's a minor. Let's say it would be in the range of 5% also as of now.

Agastya Dave: Right. And one final question on the EBITDA margins you guided towards 20%. But as the scale of the company goes up, won't operating leverage kick in?

Ranjit Lala: Well, definitely, it will. But as I said, these are the guidance numbers, so I talk about 20%. But whenever it has been possible to save on through our procurements, through processes, we have crossed 20% as well. But I would say at this point of time, we stick to 20%.

Agastya Dave: Thank you very much. All the best.

Ranjit Lala: Thank you.

Moderator: Thank you. We'll take the next question from Darshil Jhaveri. Darshil, you can go ahead, please.

Darshil Jhaveri: Hello. Good afternoon. Thank you for taking the question.

Moderator: Sir, you need to speak up a bit.

Darshil Jhaveri: Firstly congratulations on a great set of results. I just wanted to know, we are guiding for ₹500 crores revenue, but we've already reached that run rate in Q4. So are we being a bit conservative because we also have a good pipeline? So is it on the lower end that we're guiding? Any colour of that?

Ranjit Lala: Well, where we stand today as a group is, I think around ₹329 crores and I'm talking about a number of ₹500 crores. I think, you should see how we have progressed in the last two years. So being at ₹130 crores, ₹140 crores two years back and reaching ₹500 crores is definitely not a conservative road map. And again as I said, these are numbers which we see today. Tomorrow, if there are ways of any other organic, inorganic growth, we are open to that.

Darshil Jhaveri: Yeah. I may be conservative in that sense. I think we've already reached the run rate of ₹500 crores in guidance. It's not in any of that sector, they already kind of reach the targeted run rate. So just wanted to know about that.

Ranjit Lala: That's the target for the current year ₹500 crores plus revenue.

Darshil Jhaveri: Okay. And is it just are the orders are we getting impacted because of elections or something that maybe more orders will flow in Q2, is that the sense that you could…

Ranjit Lala: No. Not really. I think orders have been pouring, and as I said, we have got orders worth ₹65 crores in the current financial year, year-to-date. So things have been quite smooth. And as it is in Q1, you'll always see some actions slowing down. Because the companies are just rolling out their CapEx plans and their purchases. So I think we are well on track as of now. And election is not really impacted as such.

Darshil Jhaveri: M.E. Energy, as a standalone company, it's also in the similar margin as Kilburn or is it more, does it have higher margins?

Sachin Vijayakar: For the past one or two years, their EBITDA margins have been around 12% to 13%. So going ahead with Kilburn's collaboration with them and together, we are targeting EBITDA margin of around 20%.

Darshil Jhaveri: Fair enough. So that's it from my side. All the best. Thank you.

Sachin Vijayakar: Thank you.

Moderator: Thank you. We'll take the next question from Sagar Shah. Sagar, you can go ahead, please.

Sagar Shah: Yeah. Sure. Thank you for the opportunity. Actually, my first question was related to our business. Actually, in this financial year and in this quarter again, we are seeing a high order from the chemical sector. So you have explained in the last few quarters that what exactly is the change that we are looking actually in Kilburn Energy based on the projects that we are coming to and that we are executing. But can you elaborate that whether we are focusing on this current order book that we are focusing on the existing systems, or it is just product based? Can you please elaborate that? And what exactly gives you the confidence that going ahead that we'll be achieving more than almost or from your at least more than 40% growth in the revenue? And going ahead kind of EBITDA margins also that we are envisaging, what gives you the confidence?

Ranjit Lala: Well, first of all, our orders would emanate from the current pipeline that we have, which I mentioned is in the range of ₹2,000 crores plus. That is one. Secondly, we know our hit rates. We know our customers, and we start working with them, right from the drawing board. When they are planning the CapEx at that point of time itself, we start getting the inputs from them, and we give them our inputs.

So it's like holding hands from day one of their project needs. As far as the spread of the enquiries is concerned, we have a very good spread across segments. For example, we have good enquiries from carbon black, soda ash. This year, very good from chemicals, petrochemicals, and we're also looking forward to the cement segment.

So all in all, I can say that, we don't depend on one single segment as such. We have at least eight to ten areas where we are working at all points of time. So if any sector is doing well, it's good for us, but if it doesn't do well, there are others which are performing. So that gives us a high confidence level. And that's how we have been working for last two to three years, I would say. Does that answer your question?

Sagar Shah: Yes. Certainly. So this is basically you envisage actually based on the current outlook and based on the sector diversification. Based on now with M.E. Energy, now you'll be focusing on even cements and something like through M.E. Energy you have penetrated in the steel sector also. So this sector diversification is one of the catalyst behind the kind of growth as you said for Kilburn in the next three years. And that will set you apart from the industry, because as far as the chemical sector is concerned, it's looking like you are at something like, you're in the prince of the plant that you're getting these orders. You're getting a robust outlook actually. So that is the confidence that you're building, right?

Ranjit Lala: Right. So I would put it this way. Kilburn by itself for the last two to three years has been working on having a diversified approach. And with M.E. Energy acquisition, it's a win-win for both. So we do get a chance or a leverage where they are strong and similarly, they do get a chance to penetrate, where we are strong. And I can say that one of the next segments that we are targeting is the cement industry.

Sagar Shah: Okay. So basically, on this current business only, are you introducing new products to each and every sector? Or is the existing products are getting traction in the new project source?

Ranjit Lala: Right. So let me answer this question in two parts. What we are doing is we are offering our combined portfolio to all the sectors. However, we are open to new tie-ups, new technologies and we are already working on that. So if we find something interesting anywhere globally, we are ready for a technology tie-up. So that is also on in parallel.

Sagar Shah: Okay. Sure. So my second question was related to the margin profile. Our standalone margin was at around 22% and consolidated was at around 25%. And based on the guidance that you had given in the last quarter, actually you had guided that margins would probably come down because M.E. Energy margins are at around 12%, 13%. But on the contrary, we have actually gained. So and the marginal outlook is at around 20% that you have given. So basically, can we something like make a point that M.E. Energy margins are actually greater than current Kilburn's margins? And do we actually stand on that that we will stand at current margins right now?

Ranjit Lala: Sagar, that was a very long question, so I will try to answer it in bits and pieces. First of all in the last quarter, the guidance that we had given was 18% to 20%. I mean, we've always said that we will be talking about 18% to 20%. Yeah, there will be times that we may cross 20%. As far as the combined margins are concerned, this 12% to 13% figure has just been rolled out right now by Sachin, how it was in the past. Why it is higher side, maybe Sachin can answer that. Sachin, can you answer that?

Sachin Vijayakar: Yeah. The combined EBITDA which we're showing off 25% is doesn't get the right picture because more on the EBITDA for the M.E. Energy are only for a period of 40 days. Doesn't give a right, correct picture. So we have to see for the total year. So as I told you, their margins are on a little lower side. So going ahead combined margins, we expect to be in the range of around 20%.

Amritanshu Khaitan: Okay. If I may just add, with M.E. Energy being acquired by Kilburn, the revenue will also be scaled up, and the visibility is that M.E. Energy will also be at economies of scale in the current year. So with that happening, when we are looking at consolidated EBITDA margins of 20%, we are expecting M.E. Energy also to be closer to those margin levels as compared to the 12%, 13% they were in FY '24. So you will see higher margins in M.E. Energy as the turnover of the company is scaled up.

Sagar Shah: Okay. Got it. And my last question was related to our tax rate. That in this current quarter, we had used the deferred tax assets and our total income tax was relatively lower. So going ahead, what is the normal tax rate that we are looking at?

Sachin Vijayakar: I think we have still got some carry forward losses.

Sagar Shah: How much is that, sir?

Sachin Vijayakar: That after this year, it will be around ₹24 crores to ₹25 crores remaining. And plus there is some deferred tax asset also, which is there to be reversed. If you see our balance sheet, around ₹8.5 crores of deferred tax asset will also get reversed next year.

Sagar Shah: So basically ₹24 crores total?

Sachin Vijayakar: Yes.

Sagar Shah: Okay. So next year, we can utilise this ₹24 crores. So what is the tax rate, have you some plan in the next financial year?

Sachin Vijayakar: Presently, it will be a normal tax rate, but we are not looked into all what other benefits we will be getting. That will be as we go ahead, that will be looked into.

Sagar Shah: Okay. Sure. Got your point. Thank you so much. All the best for it.

Moderator: Thank you. We'll take the next question from Pawan Kumar. Pawan, you can go ahead, please.

Pawan Kumar: Sir, my question is like, you have order book pipeline of roughly ₹2,000 crores. Are we also looking for pipeline?

Ranjit Lala: We have enquiry pipeline of ₹2,000 crores.

Pawan Kumar: Yeah. So my question is, are we looking for other geographies also apart from India, we are exporting I think to some other geographies?

Ranjit Lala: Yes. Now, definitely, we are looking at overseas markets, and some of our clients who purchase from us definitely buy for their factories abroad, like Birla Carbon, Tata Chemicals. So if they have requirements outside India, definitely, they consider our equipment. Apart from that, we also see how we can expand in Europe and Southeast Asia and we are working on it.

Pawan Kumar: Okay. And with the acquisition of this M.E. Energy, what sort of synergies benefits you are releasing right now apart from at order book or maybe at a marketing level?

Ranjit Lala: Okay. At a marketing level, how we see is that Kilburn's customers and energy customers can be common. And the equipment that we offer actually consumes heat and what M.E. Energy offers is extraction of heat. That's where we see the synergy. So when we go to the market, we can offer solutions for both these processes.

As far as the numbers are concerned, the enquiry pipeline is concerned, in the past, we had somewhere around 1,000 to 1,200 which kept going today it's around 1,500. And with M.E. Energy, it's ₹700 crores. I expect this to only grow further. The reason is that when we approach our clients, with the complete basket of our portfolio, obviously the interest rises for both the reasons, M.E. Energy for its own brand name that it has had and Kilburn points. And this is where we see a synergy.

Pawan Kumar: Okay. Thank you. These are my questions.

Moderator: We'll take the next question from Pradeep Rawat. Pradeep, you can go ahead, please.

Pradeep Rawat: Yeah. Good afternoon, everyone, and thank you for the opportunity. So I have couple of questions. First, regarding our peak revenue potential. So without incurring any CapEx, what could be our peak revenue potential?

Ranjit Lala: Without incurring CapEx, you mean whatever we have planned if you were not to incur that?

Pradeep Rawat: Yeah.

Ranjit Lala: Well, let me put it this way that our CapEx that we have been planning year-on-year has been more to upsell our products. In the sense, like today, we have set up a clean room at Kilburn, where we can do this equipment which where the material of construction is titanium. So this needs a special ambiance for which we have set it up.

So this definitely would increase our revenue without really, having a big CapEx or big capital expense. We are not looking at any new factory or any expansion over here. With, M.E. Energy, we have already planned this CapEx for setting up two bays. With both these and our current vendor base, we can expect a revenue of ₹500 crores plus. So does that answer the question, or you have some things to ask?

Pradeep Rawat: Yeah. So past FY '25, so we will be naturally targeting above ₹500 crores. So how would we able to achieve that target if we have the peak potential of ₹500 crores?

Ranjit Lala: Well, it could be organic, inorganic. We are yet to plan things.

Pradeep Rawat: Okay.

Amritanshu Khaitan: Just to address your concern on the capacity, a lot of our work is also outsourced in the sense we have lot of bought out items, and we also have contract manufacturers who can do our work outside our plant. So we are not looking at any compromise in terms of potential to grow. If there are enough orders which come in, the management is not restricted at ₹500 crores or ₹600 crores. If there is any opportunity where we need to do any CapEx for a new plan, we will suitably plan it as and when required.

Pradeep Rawat: So Sir, how much of our work is outsourced, like in percentage term?

Ranjit Lala: Sachin, can you answer that?

Sachin Vijayakar: Yeah. Maybe 25% to 30% of our work is outsourced. But as a percentage of sales, our subcontract cost is only around 7% to 8%. So that way also you can look at it.

Pradeep Rawat: Yeah. Great. And my other question is regarding the execution time frame. So after getting an order, how much time does it usually take to execute the order?

Ranjit Lala: Well, it depends on the type of equipment, but we look anything from 4 to 5 months right up to 11 to 12 months.

Pradeep Rawat: Okay.

Ranjit Lala: It depends on type of equipment.

Pradeep Rawat: Yeah. And with regard to our competitors, so who are our competitors and what sets us apart from them?

Ranjit Lala: Who are our competitors? Well, we have multiple competitors. There's no one single company who can offer all kind of solutions, but for different segments, we have different competitors. For carbon black, we have a couple of Chinese companies, then there's a one European company called Arvos. Soda ash, we have Andritz, then we have few Chinese companies. For paddle dryers, we have Raj Process, Mojj, Arrowhead. So for different products, we have different competitors. And what is our strength over them? I think our biggest strength is our customers. We actually start working with them right from the stage of conceptualisation.

So when they are setting up, they are trying to set up the expansion plans on new factories. That's where we do handholding of each other, and we get the inputs from them. We offer them our solutions. This is our biggest strength. Second is that we have been in the industry for four decades. So a lot of knowledge equity has been created in house. Okay. So this helps us in having an edge over customers.

Third is that we see how we can increase the depth of manufacturing in the factory. For example, we have recently procured a vertical turret lathe. Earlier, that process was outsourced. Then we have set up the clean room. We have enhanced our metal rolling capacities, both in terms of volume and in thickness. So that's how we are trying to be ahead of competition. But the race will always continue. I mean, we've just needless to say that.

Pradeep Rawat: Yeah. Great. And my last question was regarding the enquiries that we are seeing. So, with respect to specifically cement and metal sectors, so how are the enquiries of late?

Ranjit Lala: In the Cement sector, we have recently started up foray. In the Metal segments, we have been getting enquiries and we have been offering. We already have got some orders also. One is from JSW. But for cement…

Amritanshu Khaitan: I request if, Vijay can also highlight little bit on steel and cement because a lot of those enquiries are from M.E. Energy.

Vijaysanker Kartha: Yeah. As far as cement industry is concerned, we are entering into cement industry this year, and we hope to open our account and there I think will open a lot of opportunities for us going forward. As far as steel industry is concerned, we are well entrenched and almost all the large integrated steel manufacturers. The quality of our customers, we're executing jobs for them. And as they expand their facilities, we keep getting enquiries and we keep getting orders. So, right this year itself, we will have out of M.E. Energy to be maybe ₹50 crores - ₹60 crores will come from steel industry itself. So steel industry, we are very well entrenched in almost all the steel manufacturers, whether it is AMNS or JSW or Steel Authority or any of these.

Pradeep Rawat: And thank you, and all the best for your future quarters.

Vijaysanker Kartha: Thank you.

Ranjit Lala: Thank you.

Moderator: Thank you. We'll take the next question from Jinesh Sipani. Jinesh, you can go ahead.

Jinesh Sipani: Yeah. Thank you for the follow-up. I'd like to ask, what kind of revenues we are targeting for M.E. Energy and order inflow of M.E. Energy for FY'25?

Ranjit Lala: For M.E. Energy, revenue definitely would be more than ₹100 crores this year. It should cross that.

Jinesh Sipani: And order book?

Ranjit Lala: Order book, I would say that we are definitely looking at more than ₹100 crores. But I would say at a group level, what we are looking at is ₹500 crores. Let me put it at a group level.

Jinesh Sipani: Okay. And have we started bidding or receiving any orders from cement sector?

Vijaysanker Kartha: Yeah. We have recently bid for a job with one of the largest cement manufacturers. Well, soon we should have a good news about it, maybe in this quarter itself. And the right thing to say, large doors that is going to open for us.

Jinesh Sipani: How much CapEx value can you provide for cement sector in M.E. Energy?

Vijaysanker Kartha: CapEx?

Jinesh Sipani: Yeah. How much CapEx value we can provide?

Vijaysanker Kartha: I didn't get that question.

Moderator: Basically, if they're setting up a cement plant, equivalent investment that goes into that?

Vijaysanker Kartha: Presently, I do not have the number, because as far as I said earlier, first time we are entering into cement industry. This is one, exactly I don't have the numbers. Second thing is it depends upon the kind of plant, plant and machineries that they install. All the plants may not go in for certain, say for example, waste heat recovery from all the equipment. So it keeps changing.

Our contribution to cement industry will be on waste heat recovery boilers and some hot air generating systems. So if the customer plans to go for waste heat recovery system, there is an opportunity in their particular plant. So as of now, presently, we do not have we are still studying that market because we are in stepping stone presently. Probably going down, this year maybe couple of quarters later, we'll have numbers and total sales and marketing plan in place.

Jinesh Sipani: Okay. And last question, which sector are you planning, are you seeing growth in M.E. Energy, which sectors cement sector, steel sector?

Vijaysanker Kartha: We have lot of work from steel industry. We have lot of work from food industry. We have work from carbon black industry. We have from chemical industry. These are three, four leading sector which gives us, which are in our books and enquiry pipeline.

Jinesh Sipani: Okay. Thank you, sir. All the best.

Vijaysanker Kartha: Thank you.

Moderator: We'll take the next question from Navdeep Singh. Navdeep, you can go ahead.

Navdeep Singh: Yeah. Thank you. Thanks for the opportunity. And I appreciate all the hard work that has been put and got to find the great numbers are produced. So actually, my only question is, what is the meaning of enquiry of ₹2,000 crores? Like is there any pipeline which we generally which is going to be converted into the orders or how it works?

Ranjit Lala: So the enquiry pipeline is nothing else, but the enquiries that we receive from the customers are what we are soliciting in the market. Obviously, we have our own interest and not everything gets converted into orders. We could have a success rate of 20%, 25%, 30%, whatever. But at any point of time, it's very important to have a healthy pipeline. At any point of time, it is very important to have a healthy pipeline of enquiries because that keeps into the future orders coming. So that's what I meant by ₹2,000 crores for this pipeline.

Navdeep Singh: Okay. The reason I asked is actually, if I see the current order book, so it is around ₹280 crores, correct? So like to complete the orders for this financial of ₹500 crores which you have guided. So we need around ₹220 crores of orders in hand. And I think this particular, if you talk about that, that is already gone. So ₹220 crores plus orders plus, we would be needing we'd suppose we would be working, we'd be guiding higher for the next financial year. So we need something in our hand. So are we expecting something kind of like ₹400 crores, ₹500 crores for the next maybe three quarters or so?

Ranjit Lala: Yes. We are targeting ₹500 crores plus orders in the current financial year of which we have reached, we've received around ₹65 crores to ₹70 crores. And going forward, as the year goes by, the quantum will increase.

Navdeep Singh: Okay, sir. Actually, I was only looking for this pipeline. Otherwise, I can see the kind of money you guys are putting like maybe preferential allotments and the buying out stocks from the market. This shows that you are having very good confidence in the company. So thanks a lot. That is all from my side.

Moderator: Thank you. We'll take the next question from Dilip Sahu. Dilip, you can go ahead please.

Dilip Sahu: Yeah, thanks for the opportunity. I just wanted to know in the last, seven, eight, 10 years, our average revenue has been ranging around ₹150 crores excepting for last two years, which is kind of double to ₹250 crores, ₹300 crores. So what exactly happened apart from the CapEx upswing that we see, which is there in the news in the market? Is there something fundamentally changed about the company? Because both profitability and revenue kind of shoot up.

Ranjit Lala: Right. So definitely a lot of changes have happened in the organisation as well. The promoters and the Board of Directors have put a new management in place, and we have a very aggressive outlook. We would be very aggressive in getting orders. And definitely when orders come in, we also need to put a lot of CapEx, lot of processes in place, so a lot of work is being done on that area. So that comes on the supply side.

On the order side, definitely the CapEx has also grown over here. In the last 10 years, we must have seen the growth that has happened and especially in the last two to three years, a lot of demand is existing. And at the same time, we are aggressive. So it's a win-win for us.

Dilip Sahu: So we essentially rode the CapEx wave as well as we took market share from…

Amritanshu Khaitan: If I can just add also, as a new management and as a company, we've also added and entered into a new product ranges as well. So if you see what was the situation a few years ago, our enquiry pipeline was much smaller. So we've entered new industries. We've added new products in the same industries, which has helped us also increase our product offering. And also from being a pure equipment manufacturer, we are now providing more solutions to most of the clients.

So we are increasing the value of the business, which we were getting. So instead of just providing an equipment, we are providing peripherals around it. We are giving it more like a solution. Thereby, that is also helping us increase value and ticket size of the orders. So earlier, we were handling lot of small orders. Now we are handling lesser number of orders, but much more higher value of orders.

Dilip Sahu: Yeah. Good. Yeah, understood that. In your presentation, you talked about 200 plus people. If I assume 200 people, I assume that these are all customised orders. Every order needs design and engineering and manufacturing which are separate from others. So are we well-staffed for this kind of and what is our investment in building automation, automating the manufacturing as well as the pre-manufacturing activities?

Amritanshu Khaitan: We don't need too much of automation. As Mr. Lala also mentioned, we are investing on some equipments to bring more agility into our manufacturing. When you talk about customisation, yes, there is a lot of customisation involved, and that is how the value of the orders have also gone up. But we are adequately staffed, for the business we today have. And if you see our employee costs are also going up because we are continuously hiring also as we go.

Dilip Sahu: Sure. And my second question is about the numbers. You have consolidated around ₹36 crores, which is like 40 days of the subsidiary. And if I look at separately, one is ₹295 crores, the standalone business and ₹75 crores for the other business for the year I'm talking about. So if I had consolidated for the year, it would have been around ₹370 crores of the total business, which is growing ₹500 crores. So I'm just trying to understand that, if we look at a fresh ₹500 crore, what kind of hit ratio we need to target on our pipeline? Like, what is our win ratio currently, and how is that need to change? Is there optimism built in with that win ratio? My question was that.

Amritanshu Khaitan: You see as was mentioned, the enquiry pipeline is over ₹2,000 crores, ₹2,200 crores. We are not that exactly focused on win ratios because there could be some orders which are very high value. So there are certain enquiries, which we are today handling, which could be alone ₹100 crores, ₹150 crores. So that one single win itself could take care of 25% of the year's order booking. So I don't think that is the best way to look at it. It is about prioritising and ensuring that some key customers who have a long relation with us, we continue to service them and ensure those orders come. And automatically, the pipeline will get filled up.

Dilip Sahu: Sure. So my last question would be, we have traditionally from what I understand from the discussion so far, you had a traditional strength in in certain products and technologies and you have some relationship with customers in segments like what we are focusing, carbon black, soda ash, now cement and steel and all that stuff. So do you think that this kind of a run rate, which is like say 25% average to maintain for next say three to five years, which is kind of taking you to a ₹1,000 crore kind of a revenue in a four to five years' time.

While I understand it's too long and too hazy to forecast for four years, but from looking at the kind of planning your customers have, do you think organically with the current assets, you can grow at that 24%, 25%? Because you know the budget and the outlook of your own customers for next at least two, three years. And these are all core sectors and any planning happens one and half, two years before. So does it look like…

Amritanshu Khaitan: We would be comfortable first crossing the ₹500 crore milestone this year and then maintaining a steady run rate of growth in the coming years. You would have seen that we have grown pretty rapidly last three years. So I hope that we are able to continue a decent run rate going forward. But it will be premature to give you an exact figure or a trend. But all the management is working on is to continue growing at a similar growth rate in the coming years. But I think this time next year will be a clearer picture to put a trend on where next the company would be headed.

Dilip Sahu: Great. Thank you. And if I may ask one last question, is there any other business because manufacturing is changing rapidly. And as you rightly said, you have moved from product to solution. Are you trying to look at the ambit of the solution in a much larger way and go to maybe the ancillary or neighbourhood kind of product in next two to three years?

Amritanshu Khaitan: So we always look at how we can improve our product offering for industries. So as an when any opportunity comes to increase our product offering, we would definitely add it to our portfolio. And M.E. Energy is one casing example of that.

Dilip Sahu: Absolutely. Sure. Thank you very much.

Moderator: Thank you. We'll take the next question from Kartik Bhat. Kartik, you can go ahead, please.

Kartik Bhat: Thank you so much. Congratulations on the good set of numbers. So my question was on the order book. So what percentage of the order book is from exports? And has it increased or remain the same, Y-o-Y?

Ranjit Lala: Sorry. I didn't get your question. Can you come again?

Kartik Bhat: What percentage of the order book is from exports? And has it increased or remained the same Y-o-Y?

Ranjit Lala: From where? I didn't get this.

Kartik Bhat: Exports.

Ranjit Lala: Sachin, are you able to get that?

Sachin Vijayakar: Yeah. Exports are slightly increased. We've received around ₹40 crores of orders this year compared to around ₹30 crores last year from the exports.

Kartik Bhat: I was talking about the order book. So it's increased Y-o-Y right?

Sachin Vijayakar: Yeah, it has increased. Order inflow has increased.

Kartik Bhat: And my other question was on the technical collaboration that we had with Nara, carrier and so on so. Is there any ballpark revenue contribution? I mean, in what stage are these tie ups in currently, is the revenue contribution fairly substantial from these tie ups? And what is the tenure of these collaborations?

Ranjit Lala: Well, they've been here for more than 10 years now, I think. Sachin, since how long we had this carrier & Nara tie-ups?

Sachin Vijayakar: More than 10 years.

Ranjit Lala: Yeah, so we offer equipment of their design as well. And we're also open to any further tie ups. So that's the way it is.

Kartik Bhat: Okay. And if I look at the order, let's see I think in Q4, it is ₹790 crores. In Q3, it was higher at ₹945 crores. And so is it due to some seasonality, or is Q3 better historically also in terms of order inflow or?

Ranjit Lala: Typically, what we see is at quarter one, the order inflows are always a little slower. Yeah. They pickup in quarter two and quarter three and four, they actually reach the peak. So I mean, it just follows the quarterly cycle. That's all I can say.

Kartik Bhat: Okay. And sir I think you mentioned in the last call that especially with air pre-heaters also coming in, 40% of all equipment would be available to set up a carbon black plant.

Ranjit Lala: Vijay, can you take that? Vijay, are you there?

Vijaysanker Kartha: Yeah, when we say 40%, this means 40% of the cost of plant and machinery. It is not for the complete project. When someone says ₹10,000 crores investment on carbon black, this means they may have land and building and many other things. And the current Epsilon

Carbon for example, as we've explained earlier, the investment is on carbon related product. Many of these carbon related product like batteries and battery related and things like this, EV and battery related. So with respect to carbon black, per se, if you take a carbon black product line, we have around 40%.

Kartik Bhat: Yeah. Okay. And thank you so much. That helps.

Vijaysanker Kartha: Yeah.

Moderator: Before we go to the next participant, we'll take the questions we've received on chat. There's a question from Mayank Shah. He wants an update on the silos business. According to him in the previous call, we've mentioned that the company would be looking at silo business on the EPC side of it. Is there any update on that?

Amritanshu Khaitan: We are already executing the current job. We have no other new order which has come on the silo space.

Moderator: Okay. And there is a question from Samir Palod. What's the maximum possible turnover at full utilisation of capacities at Kilburn plus M.E.?

Amritanshu Khaitan: As we've mentioned, Vinay, in the past, because as are all customised jobs, there's no particular turnover we can cap our yearly capacity at. It really depends on the type of order inflow which comes in. So we can definitely take out ₹600 crores to ₹650 crores between the two plants, but it's very difficult to put one particular number.

Moderator: Okay. We'll go to the next participant now. Bharat Gupta, you can go ahead, please.

Bharat Gupta: Thanks for the opportunity. Congratulations for a great set of result. Couple of questions from my side. So with respect to M.E. Energy, the cement sector, I think which we are targeting. So the technology has been developed in house or there has been some sort of technological transfer, which we have been able to do that?

Vijaysanker Kartha: M.E. Energy has the capabilities to do this equipment for waste heat recovery in house. Maybe one or two additional resources may have to be added. With respect to, so if you look at the resources required for entering into cement industry, one is the design related, second is the manufacturing related. Manufacturing related, we are there 100%. In terms of design, maybe we are there 75%, 80%, and balance is being built up. And this will be done internally by adding resources and upskilling people who are already here.

Bharat Gupta: Can you give a particular like, what can be the maximum potential which because annualised would be there with respect to cement industry. So any colours on that trend like what kind of a potential this segment carries for us?

Vijaysanker Kartha: As I mentioned earlier, we have not, we are just at this stepping stone into cement industry. The market data collection and other things are still on. We are not there. So we're not able to provide anything, further. This is maybe two or three quarters down the line, we will be ready with numbers and our consolidated plan.

Presently, our effort is to get into the first job and build what we call as a fast-track record, which is a major pointer or major aspect of we getting more and more business from this industry.

Bharat Gupta: And the order size should be on a higher side, as compared to the Kilburn standalone entity, I think with respect to the cement sector alone?

Vijaysanker Kartha: Yeah. The waste heat recovery, there are two or three type of equipment that we can offer for cement industry. So if you talk about their waste heat recovery boiler systems, the orders could be in the range of say ₹40 crores to ₹100 crores, ₹120 crores depending upon cement plant size. And there are a lot of opportunities, which are coming up as well as and then the retrofit business is also there quite a bit. When it comes to the water generation and other things, the opportunities are much less. These are ₹5 crores, ₹6 crores, that kind of packages. That is mostly where they have only the grinding of the product and packaging. But if you have the full cement plant, they are waste heat recovery on the main line also.

Bharat Gupta: That's really helpful. Just a last question from my side, like in terms of the overall CapEx plan for M.E. Energy, what can it be for FY'25 or FY'26?

Vijaysanker Kartha: Presently, it is I know the CapEx is in the range of 10 to 15. This will increase the space under crane by almost 50% for M.E. Energy and I think this can take I mean will help M.E. Energy to enhance its capability, I mean in terms of turnover that can be produced out of this plant.

Bharat Gupta: Okay. My last question just on the Kilburn side. So in terms of the export strategy, so how are like, we are trying to improve some market in a way. Is there any sort of a pressure which is built in in the domestic side as well?

Ranjit Lala: Well, for the tea industry, we already have a setup and we are doing pretty well. As far as the export for our current customers are concerned, they always look at us for solutions, as I mentioned about companies like Birla's and Tata's. And then gradually, we'll build up also for increased ramping up our exports. It'll happen over a period of time.

Bharat Gupta: Right. Because one of the peers it was mentioning that there has been a slowdown in terms of the order inflows with respect to the petrochemical industry as well as oil and gas industry. So have we seen anything with respect to our order inflows as well?

Ranjit Lala: No. Not at all. In fact, we are expecting major orders from the petrochemical and oil and gas in the current year or maybe, let me say next 12 to 18 months. Depends on where the customers come out with the expansion plan. So we are well placed. And I think as a country, as India is growing in petrochemical, so we don't see a challenge there.

Bharat Gupta: Thanks. That's it from my side. Thank you so much.

Ranjit Lala: Thank you.

Moderator: Just a follow-up question on the chat, Amritanshu from Samir Palod. The ₹650 crores, ₹700 crores that you're saying we can do from both the entity, what further investment would be needed beyond that?

Amritanshu Khaitan: As I mentioned, that depends on the type of order inflow which comes through. But from a capacity point of view, M.E. Energy plant itself, once the CapEx is done, should be able to deliver ₹200 crores to ₹250 crores. Some part would be outsourcing, and then some part would be in the Kilburn plant. That's how the breakup would be.

Moderator: Okay. We'll take the next question from Dhaval Jain. Dhaval, you can go ahead, please.

Dhaval Jain: I just wanted a bit more depth on our product profile since that we get orders from different sectors. I just wanted to know what exactly, how critical our products are and what exactly do we do in helping these sectors?

Ranjit Lala: Well, I can give you the list of products that we manufacture. As we mentioned we are into paddle dryers. Let us say they have different applications in the food industry and in the wastewater industry, then we have VFBDs. We have rotary dryers. So all these are used in different industries. But what I would recommend is that you visit our website. You would probably get a lot more details over there and a fair idea as to what we can offer, what kind of equipment gets into this sector. I think that would be a better way of doing it.

Dhaval Jain: Right. And I just wanted to know, like, if we get orders right now, what is the conversion time it takes for our orders to get executed?

Ranjit Lala: Well, it all depends. Our conversion time for the order to execution or from enquiry to order?

Dhaval Jain: If possible, you can guide for the both.

Ranjit Lala: Okay. From enquiry to order, it all depends. It can be just two months to, let us say, six to eight months or 10 months, especially when we are working with the customers from the stage of conceptualisation. And when it comes to order to execution, I mentioned earlier also, it could be between four to six months, right up to 11 to 12 months. It all depends on the type of equipment we're offering.

Dhaval Jain: Perfect. That's all from my side. Thank you.

Moderator: We'll take a follow-up question from Pawan Kumar. Pawan, please go ahead.

Pawan Kumar: Yeah. Thank you for the follow-up. As you mentioned, like M.E. Energy having EBITDA margin of roughly 12%, 13%. Can we expect the improvement going forward?

Vijaysanker Kartha: Definitely M.E. Energy's EBITDA will improve as we ramp up our turnover in the coming financial year and going forward. There'll be major improvements and as my colleague said, our guidance is the EBITDA of around 20% on consolidated basis.

Pawan Kumar: Can we see like, for M.E. Energy, it's like reaching roughly 17%, 18%. Can we anticipate that also going forward maybe in years to head? Or is it too much to ask right now?

Amritanshu Khaitan: I think let us keep it to a consolidated number. When the company is guiding for a 20% consolidated number, then obviously, M.E. Energy will also have to be closer to those numbers to get the company to achieve that.

Pawan Kumar: Yes. And the second is follow-up, like for Kilburn how much CapEx spend we are doing this year?

Amritanshu Khaitan: We are doing approximately ₹10 crores to ₹12 crores kind of CapEx, annually.

Pawan Kumar: Okay. And what is the typical asset turnover for this industry?

Amritanshu Khaitan: Sachin, can you address that?

Sachin Vijayakar: No, immediately, I don't have that figures.

Pawan Kumar: Okay. Thank you for all the answers.

Ranjit Lala: Thank you.

Moderator: Thank you, Pawan. Since that was the last question for the day. I would request the management to give their closing comments.

Ranjit Lala: Mr. Khaitan, you would like to say something?

Amritanshu Khaitan: Yeah. I would just say thank you to everyone who's taken out time to attend the call today. The management seems to be very positive on the outlook going forward for the coming year. Ranjit, if you have any other closing remarks, you can please mention.

Ranjit Lala: No. I think I've already expressed that we're very positive about the current year and the way forward. Looking forward to the synergies between us and M.E. Energy. So, yeah, good times ahead. And thanks to all of you for having joined us for this call.

Vinay Pandit: Thanks to all the participants for joining on the call, and thanks to the management for giving us the valuable time. That brings us to the end of today's conference call. You may all disconnect now. Thank you.

Sachin Vijayakar: Thank you.

Ranjit Lala: Thank you.

Vijaysanker Kartha: Thank you very much. Thank you.