

June 8, 2023

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 Conference Call pertaining to the Financial Results for the quarter/year ended March 31, 2023.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of the Earning Call held on June 2, 2023 for discussion on Audited Financial Results (Standalone and Consolidated) of the Company for the quarter/year ended March 31, 2023. 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
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Everest Kanto Cylinder Limited

Q4 & FY23 Earnings Conference Call Transcript

June 02, 2023

Moderator: Ladies and gentlemen, good day and welcome to the Everest Kanto Cylinder Limited Earnings Conference Call. 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anoop Poojari from CDR India. Thank you

Anoop Poojari: Good evening, everyone, and thank you for joining us on Everest Kanto Cylinder's Q4 & FY23 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'll have the forum open for a question-and-answer-session.

Before we begin, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the results presentation shared with you earlier.

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

Puneet Khurana: Good evening, everyone. Thank you for joining us on our Earnings Conference Call. I will initiate the call by talking to you through the operational and financial performance, after which we'll open the forum to have a Q&A session.

FY23 has presented its fair share of challenges for EKC, particularly in the CNG

cylinder industry. The sharp decline in contribution from the higher margin segment impacted our overall results. However, we continued to witness a steady contribution from the industrial segment, which partially offset the decline and supported our performance.

On a consolidated basis revenue came in at INR 297 crore in Q4 FY23. EBITDA stood at INR 50 crore, with a margin at 16.8%. PAT stood at INR 36.3 crore. And on a standalone basis, revenue from operations stood at INR 180 in Q4 FY23. EBITDA stood at INR 21 crore, with a margin of 12%. PAT stood at INR 11 crore.

On a standalone basis, FY23 revenue stood at INR 790 crore, and EBITDA stood at INR 107 crore, with a margin of 13.6%. PAT stood at INR 72.1 crore. On a consolidated basis, revenue stood at INR 1,274 crore. EBITDA stood at INR 161 crore, with a margin of 12.6%, and PAT stood at INR 76 crore.

Revenue from the CNG segment stood at INR 619 crore, contributing 48% of the revenue, followed by industrial business, which stood at INR 336 crore, contributing 26%, and jumbo cylinders at INR 249 crore, contributing 19.8% of the total revenue.

Despite the challenges we faced, we remain optimistic about the potential of CNG cylinders in India. The government's commitment to increasing the utilization of eco-friendly natural gas coupled with fiscal incentives and infrastructure development creates a favourable environment for CNG vehicles. Additionally, we are pleased that the government has recently approved a recommendation of the Kirit Parikh panel on natural gas pricing, which includes the imposition of a gas price cap. This reform has resulted in a decrease in CNG prices across the country. The development further strengthens the outlook of future utilization of CNG in the nation and enhances the attractiveness of CNG as a viable, affordable fuel option. The continuous expansion of CNG distribution networks across the country complements these reforms and supports the growth of prospects of the CNG vehicle market.

Looking forward, we hope for an improved demand scenario over the next few quarters. We will look at strategic decisions earlier this year to attempt to slow down our future expansion plans and wait for recovery of demand. We recognize that this is critical not only for demand to improve but also for utilization levels to increase before proceeding to our expansion efforts in India. With our established leadership position in industry, strong financial footing and expanded capabilities, we are fully confident in our ability to capitalize on the opportunity when demand rebounds.

On that note, I come to an end to my opening remark, and would request the moderator to open the forum for any questions that you may have.

Moderator: The first question is on the line of Deepan Sankara Narayanan from Trustline PMS. Please go ahead.

Deepan Narayanan: Good evening, everyone, and thanks a lot for the opportunity. Firstly, with the implementation of Kirit Parikh recommendation, does that increase the confidence of truck owners using more-and-more CNG as their primary fuel? And when do we expect improvement in our sales volumes in domestic business?

Puneet Khurana: No, sir, this is going to give a lot of confidence. And already, you know, there was a lot of kinds of inventory holdback at the OEM as per commercial vehicles are concerned. And that movement has already happened, and the OEMs have already started kind of ordering new orders that have been coming in. So this decision of gas pricing capping helped.

Deepan Narayanan: So but we have seen a Q-on-Q drop in margins of India business, sir, any specific reason for that?

Puneet Khurana: So, I think that there's some old inventory that we've been carrying. So that's the reason why we see that drop.

Deepan Narayanan: So do we expect now from the first quarter of next year, improvement in volumes and our margins slowly inching up from here on Q-on-Q?

Puneet Khurana: Yes, yes, it should, there should be improvement.

Deepan Narayanan: About our US and Middle East business, Q4 has been, there is substantial improvement in margins and sales growth as well. So is it sustainable at this run rate or this is just a push-up post that Q3 results for these two divisions?

Puneet Khurana: Yes, you know, there was a lot of order book that got pushed out on the, in the Q4 as per the US's concern. So that was, but Dubai and India will be sustainable to the margins that they've been showing. Or improve, rather improve in India and Dubai, I think that improved margins.

Moderator: Thank you. The next question is from the line of Bhavesh Chauhan from IDBI Capital. Please go ahead.

Bhavesh Chauhan: You're hearing that there are a lot of imports of cylinders coming from China. So how are they continuing to gain market share versus Indian players in India?

Puneet Khurana: You know, there has been an import, you know, after the COVID. You know, I think that that's, it's, I mean, there is enough capacity in India that will probably, it's a matter of time that, you will not see that these kinds of imports are going to happen. It's not really going to affect as such the local production or, it is, I mean, specifically for OEM business, they will probably just be looking for more-and-more local supplies. It is just a matter of some kind of situation that came up during COVID, where there was a lot of uncertainty. And so, there was an opportunity for the Chinese manufacturers to come in. But going forward, I don't think that's going to be a very long-term, this thing, sustainable for them.

Bhavesh Chauhan: Okay. And how about the demand from the CNG side? We've seen strong traction in the industry, but how is CNG?

Puneet Khurana: CNG, it's starting to pick up because the OEMs had lots of inventory that they are clearing out. So, it's we're seeing that there's a pickup on that front.

Bhavesh Chauhan: And when do we expect our historical margins of 20%-plus to be achieved?

Puneet Khurana: Another thing is, the policy of the government is just coming. So, this is going to change the scenario as far as the CNG prices are concerned. But there is an offtake that has started slowly, and things are turning around. But as soon as, we find some other more favorable pricing of gas, which is hopefully expected in the next few months, further change will drastically increase the scenario.

Bhavesh Chauhan: And lastly, can you talk a bit about your expansion plans?

Puneet Khurana: So, expansion currently, we are watching because we have built a decent large capacity currently. So, expansion is only focused on products that are new products, but existing capacity expansion is going quite slow, looking at the market kind of bounces back, and then we will speed up the expansion.

Moderator: Thank you. The next question is from Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Hello. Good evening, sir. And thank you so much for taking my question. First, congratulations on a great set of results. I just wanted to ask for now, as you're saying,

we might see improvement. So could you help us guide what you think how FY24 will turn out? You know, maybe can we go back to our FY22 revenue and margins or how would that impact us?

Puneet Khurana: It really depends on demand, anything can happen. You know, a sudden fall, you saw how the sales suddenly fell. You know, so that again, if the CNG prices are corrected, then definitely you will see that same kind of momentum will begin. And it can happen, I only think is that this is too much of an external factor, then more of an internal factor that we can control. It can happen if the CNG prices go back to maybe another sharp reduction and a further gap between diesel and CNG, can happen. And you know, the government is being very boisterous about how they want to discontinue diesel. So, these kinds of things, give CNG more-and-more of a kind of more recognition, more sustainability going forward.

Darshil Jhaveri: Okay, so just for a kind of understanding, so how would we have a sizable CNG business? So change in price would be a very, you'll be very elastic to the change in price, right? Our business, how would that be? So how would we, you know, work out the visibility when it's quite dependent on government policy? So, some matrix that you could help, that we could help, track or it could be just when CNG prices reduce, our demand would be good.

Puneet Khurana: You know, it's very difficult to give you a matrix, but I'm giving you a simple thing that, the gap between diesel and CNG, as long as the gap of diesel and CNG remain quite decent, like now it's, let's see, what has happened is that the infrastructure has been built in the country. So, the CNG infrastructure is built now, there'll always be a demand, a requirement for CNG prices, whatever the situation will be.

But if you want to see an acceleration, like that, the way it started in 2021 or from 18, '19 years, that kind of acceleration that started, if you want to see that, that acceleration can happen only when there is a quite a decent gap between diesel and CNG where the customer is, the customer doesn't have to think. I want to go for CNG like he did in 2021. He was just going for CNG vehicles. They were, at the OEM level, they were 30%-40% of the production was going into CNG, which changed 2022-2023. The scenario changed completely because the CNG diesel prices almost went to par.

Darshil Jhaveri: So if I may ask one more question. So how have these two months been like, have they been on par with Q4?

Puneet Khurana: I can only tell you they're improved.

Moderator: Thank you. The next question is from the line of Amit Kumar from Determined Investments. Please go ahead.

Amit Kumar: Yes, thank you so much for the opportunity, sir. Just one question. So, very, very clearly, the cycle, the CNG commercial vehicle cycle sort of seems to be turning around. But really given the extremely bad situation that we saw in FY23, I mean, very, very high cyclical. And given that India will still be dependent a lot on LNG imports, which have been sort of very, very volatile in the past. But what we are typically seeing is that unlike commercial vehicles, the passenger vehicle, the CNG passenger vehicle side seems to be a little bit more stable sort of business.

So, two questions, really. One, how easy it is for you to sort of switch from a CV sort of oriented product to a passenger vehicle product. And two, I mean, is that sort of in future, are you sort of even thinking about this, that having a more, what shall I say, a more balanced portfolio, just so that our business is not like so volatile that we're doing. I think we did phenomenally in fiscal 22 and then fiscal 23 ended up being a complete dampener. Any sort of thoughts on this?

Puneet Khurana: So, see, we are continuously focusing on PV, but see, these are all projects that are drawn in the long term, so there's nothing that can change immediately. So, if the PV volumes are already with somebody, you can't just kind of shut that down and give it to somebody else. Or vice-versa, so like if the commercial vehicles are with us, that can't just shut down and give it to somebody else. So, these things happen over a period.

Of course, our focus is going towards PV now more, looking at how these trends are going to be in the future, and we have a kind of a mixed basket. We were more focused on the CV business. But now we see that the PV business is also something that we need to have a share in that business too. So, of course, this is a continuous effort to do that for us.

Amit Kumar: Okay, and how are your existing lines, which are, and your existing product and your existing lines, which are more geared towards, the CV business? How easy, I mean, internally, of course, you'll have to go out and seek incremental business from car makers. But internally, from a manufacturing perspective, how easy it is to make that shift or utilize the same lines across?

Puneet Khurana: It can be done. See, we can make any product in India. If someone can do it, we can do it. So that way, we have the largest capacity, the best quality product in India. So that way, as far as capability is concerned, definitely no one in India can do it better than us. So we have everything that is required to meet this requirement when it comes. Again, see, now we are in the it's kind of a pickup situation.

So, when the situation again goes back to where it was in 2020, 2021, you will see that we will be the ones who will have the maximum advantage because we have the capacity. We have the capability; we have the capacity. So it's a matter of time. It all boils down to the kind of volumes that started coming in 2021, it was just not possible for, the manufacturers to cater to. So if that kind of scenario comes back, you can really choose where you want to go. You want to focus on the PV, you want to focus on the CV, you want to you can do whatever you want because then the volumes have just are growing so much.

Moderator: Thank you. The next question is from the line of Nishit Shah from Aequitas Investment. Please go ahead.

Nishit Shah: Good evening and thank you for this opportunity. One of the earlier response on capacity expansion question, you said that you're focusing on new products. So what kind of new products were you referring to?

Puneet Khurana: So, it's more of composite cylinders. That's the kind of product that we are focusing on now.

Nishit Shah: Okay. So do we have the capacity to manufacture composite cylinders?

Puneet Khurana: Investments are being done and we are in the process.

Nishit Shah: Okay. And this time the US segment profits were higher. So, are there any one-offs?

Puneet Khurana: So, they kind of pushed in a lot of orders that have left in the last quarter.

Moderator: Thank you. The next question is from the line of Prakash Chandra Prabhakar as an individual investor. Please go ahead.

Prakash Prabhakar: Congratulations on getting the train back on track. I mean, see, most of the questions that I wanted to ask to have already been answered largely. And I think you've already paid back the company has already bought back the debt of the founders. So that is

a silver lining. This was one of my key things. And of course, I keep repeating that, like, with such a nice business, good business, good management, you should send some signals to the market that the management is very convinced about the business and probably do some buybacks.

You know, like, especially when the headwinds of bull major come, which are beyond your control. Like, signals like that will kind of keep the confidence of the investors, the retail investors intact that the founders are continuing to be committed to the business. And therefore, they will not jump to the ship, like, when the headwinds come. So I think you should definitely consider that. You've got a fantastic company. Everything is nice. See, I have always held that '21 was an exceptional year.

And I think we should stop mentally also benchmarking our performance against '21. It was a sad year. It was a bad year. Not that all the good things happened in the company primarily because of CV and the other models. Some of it was also happened because of the oxygen cylinders, which is something that all of us would not like to kind of particularly remember. The fact that it got in some money. So I think, as an expectation setting, and this is also to our friend, who's your investor communication person, we should also tell our investors that, '21 is a bad year to keep benchmarking. Mentally, we should start kind of fighting it out. That was a bonanza year. Two questions I have.

What is the magic sauce which happened in the US this year? The US has been a kind of a dark spot all along. And it keeps turning into some kind of a surprise to the shareholder, right? Like you had some exceptional items write-out, last two, three years. Now you have a fantastic result from there. So what is the reliability of outcomes from that business?

Puneet Khurana: You know, US is all project-based business. So, they had a dispatch or the completion of some big project at that time. So that's the reason why we see this sudden jump in the quarter.

Prakash Prabhakar: Got it. So, can one expect that this kind of lumpy revenue will keep coming from the US? That's the nature of US business? Is it reasonable to because I remember, you do a lot of things from a defense, maybe, and what have you, right?

Puneet Khurana: It's a project-based business. It could happen that you could see, one of these, one-offs, sometimes, some variation, yes.

Prakash Prabhakar: But is the management there stabilized? Your CEO is stabilized and those kinds of things are looking right there?

Puneet Khurana: Yes, everything.

Prakash Prabhakar: Okay. Now the other question which I had is that, see one of the things that you mentioned over here is that if the CNG prices rise again or fall again, if they fall, they will have good business. If they rise, then we will have bad business. That's the kind of impression that I got from what you said a little bit earlier. Obviously, like, as management, I think smart management is the one which finds out a mechanism.

I know this is a little bit difficult, but nonetheless, like, how do you keep making money even if the CNG prices I mean, kind of how do you de-link your outcome? I mean, the margins could change. And one thing which was discussed earlier, I remember so many shareholders had highlighted this, that we have a phenomenal predominant position in the PV space. Are we doing something to kind of increase our footprint with Maruti and the passenger vehicles?

Puneet Khurana: You know, that is something that we continuously do to, that is something we are working on.

Prakash Prabhakar: So, is that market share increased over the last one year?

Puneet Khurana: Yes, yes, it has. It has. You know, the PV business has done well.

Prakash Prabhakar: What is the extent to which the improvement has happened in the PV business? Are you a vendor to Maruti now?

Puneet Khurana: No, we are not.

Prakash Prabhakar: Okay. And are you pursuing it

Puneet Khurana: Yes, of course. It's a continuous thing that we keep doing, always continuously trying to push them to buy products from us. So, that is a continuous effort that we are doing. Hopefully, maybe we'll get a breakthrough.

Prakash Prabhakar: Okay. Any indication of what are the improvement in profitability that can be expected from the steel prices in those countries or is that part of the business is insulated, that aspect of the business is insulated?

Puneet Khurana: I don't think anything from the steel prices perspective. I think they are more stable now.

Prakash Prabhakar: So, that part is factored in the profitability.

Puneet Khurana: Yes, yes, of course.

Prakash Prabhakar: Okay. Just one final question before I hand it over back. The commercial vehicle guys, my takeaway from the last call was that they were living off the inventory that they had. I presume they would have consumed those inventories, right? So, what is the outlook for this quarter in progress?

Puneet Khurana: Definitely, it's improving every quarter.

Prakash Prabhakar: Okay. So, if they are in inventory, they will consume the internal inventory, then we can expect better offtake from this year.

Puneet Khurana: Yes.

Moderator: Thank you. The next question is in the line of Harsh Saraswat as an individual investor. Please go ahead.

Harsh Saraswat: Hi, Puneet. Congratulations on the numbers coming back. My first question would be, what is our market share in CNG cylinders? And is there a lot of new capacity coming up in the industry across India?

Puneet Khurana: So, I think market share will be around 40%. And new capacity is coming up. I don't know. I don't think there's any new capacity coming up now. I don't see any.

Harsh Saraswat: So is the industry going through a lot of overcapacities right now?

Puneet Khurana: I think yes, currently, yes, they are.

Harsh Saraswat: Okay. And what do we think on the margin side, like will these be the stable margins going forward? And what is the utilization levels for us right now?

Puneet Khurana: So margins should be, yes, they should be stable, or they will improve for sure.

Harsh Saraswat: And what would be our capacity utilization as of now?

Puneet Khurana: Capacity utilization, 60%.

- Harsh Saraswat:** Okay. One more thing. On a very basic note, for all the benefit of all the investors, can you explain how CNG pricing works in India? In a very short, brief manner, if you can explain.
- Puneet Khurana:** See, now we have obviously a new policy that's come in that the government has capped the prices from \$4.5 to \$6.5. They have some linking that they've done with the crude pricing. This is specifically done because of the recent increase in natural gas prices. So there's a new policy that's come. Before the prices were freely allowed to move, but now they've kind of capped that. So that's the reason why we have seen that the gap has come between the diesel and CNG prices.
- Harsh Saraswat:** Got it. So, what should be our understanding? Like as an industry, what is the analysis going on and how will this new policy benefit us or it can go against us also?
- Puneet Khurana:** So, it's not a, it'll benefit us, as the prices continue to come down, it'll benefit us. Natural gas prices internationally are coming down. So there'll definitely be a benefit. There'll always be a cap. So it won't, if the same scenario, because we are, because of this war, the gas prices became very uncertain. So any, if this scenario continues, then at least the cap is there. It might not come down, but at least it will not keep going up. There's some control on pricing now.
- Harsh Saraswat:** Okay. Makes sense. And on the new product development, when you talk about this composite cylinder, is anything happening on the hydrogen ecosystem side also?
- Puneet Khurana:** We are looking at it, but obviously hydrogen will take some time to come. There is going to be some, because a lot of infrastructure, a lot of stakeholders must come together. It's going to happen, but when it's going to happen, it's very difficult to say maybe three years, five years down the line, it'll probably happen.
- Moderator:** Thank you. Next question is from the line of Bhavesh Chauhan from IDBI Capital. Please go ahead.
- Bhavesh Chauhan:** Sir, in terms of procurement, are we increasing our sourcing from India via Maharashtra Seamless?
- Puneet Khurana:** Yes, we are. We are looking at that continuously.
- Bhavesh Chauhan:** So how that has improved over the last, let's say, three years?

Puneet Khurana: Improve in the sense on the delivery front or improves on the pricing front?

Bhavesh Chauhan: No, in terms of procurement that earlier we are procuring maybe 100% from China. Now it's like 80% something.

Puneet Khurana: You could say maybe 50%- 55% approx. we are procuring locally now.

Bhavesh Chauhan: And compared to what it would have been FY21?

Puneet Khurana: Much lower than FY21, much lower.

Bhavesh Chauhan: Yes. So, in that case, our inventory days should ideally come off, right?

Puneet Khurana: Yes, it should come off, yes.

Bhavesh Chauhan: And when can we have a very significant self-sufficiency like 80% procurement from India?

Puneet Khurana: It'll happen probably in a matter of time. Because sometimes what happens is lots of the products are not being made here. So those products we must continue to import. So as soon as they can be made locally, then we can switch over.

Bhavesh Chauhan: Right. And lastly, in an earlier question, you said that these kinds of margins are sustainable, which is on a consolidated basis, 17%.

Puneet Khurana: Sorry, say that again? Consolidated margins?

Bhavesh Chauhan: I was saying that this 17% EBITDA margin that we reported in the quarter, that is sustainable, right?

Puneet Khurana: Yes, I think, it should be closer. Yes, we should be closer to it.

Bhavesh Chauhan: And standalone should improve, right? Because that was like, quite weak.

Puneet Khurana: Yes.

Moderator: Thank you. The next question is from the line of Abhijit Mitra from Aionios Alpha. Please go ahead.

Abhijit Mitra: Hey, thanks for taking my question. So this is again on the inventory days. So the number of days have increased significantly, about 77 days. From 171 days last year.

So is there a risk of inventory write-down still, or, you know?

Puneet Khurana: No. I mean, there is no risk of inventory right now. Inventory is moving, but of course, the change happens so quickly, that we were not able to try to get rid of all the inventory, but there is nothing like a non-moving inventory. There's no worry about that, that inventory's not moving.

Abhijit Mitra: Okay, got it. And you know the stocking at the OEM side is it complete or is it still going on?

Puneet Khurana: No. At the OEM level now, they are not buying anything if they are not selling.

Abhijit Mitra: Okay. Got it. And just to understand the utilization which was 60% at the quarter end, is it improving incrementally or is it sort of static as we move into May?

Puneet Khurana: It is improving.

Moderator: Thank you. The next question is in the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Hi. Thank you so much for taking my question again. So, I just wanted to know, so in terms of revenue, could you just, if possible, give us a range of what we could maybe expect in FY24? And the other is, do we see any competition coming from the EV side, that can hamper us or something that adoption might, pose a risk to us. Those are two questions.

Puneet Khurana: I don't know whether I can give any percentage. All I can tell you is it's going to be better. I don't know how that helps you.

Darshil Jhaveri: Okay. So even if it's better, maybe Q4 run rate would be a nice benchmark, maybe?

Puneet Khurana: Yes, you can take it. Or maybe improving some. And as far as EVs are concerned, I think EVs and CNG, they're two completely different markets. So I think EV in India is still, it's coming, but I think it's going to take some time before we see a complete infrastructure growth. So I think CNG still seems to be a good choice for the customer.

Darshil Jhaveri: Okay. And, in terms of capacity utilization, what level would we be at?

Puneet Khurana: About 60% today only.

Moderator: Thank you. The next question is from the line of Bhavin as an individual investor. Please go ahead.

Bhavin: Sir, my question to you is right now, the CNG prices are hovering around somewhere 70 levels, at what level do you feel that if the price come, I know, its real – its not a normal question, but at what – if the price come to somewhere around a 60 mark, will the demand come and will the revival happen? What have we seen, or this will move in that same range?

Puneet Khurana: No. You can see that this small change of 7%, 8% has created momentum. So, you're seeing another similar jump, will, you can imagine that the gap now. If I'm able to make, if I'm running my vehicle and I'm getting 25% if it can go to 40% it's a no-brainer.

Bhavin: But with the Kirit Parikh Committee, do you feel, and internationally, what I am reading in the newspapers, that the gas prices are globally coming down? I am not sure that how does it translate and truncate to coming to India, or it is, how does it happen? But if you can throw some light, that you know, we have seen that globally it has come down. So, you feel that in next one or two quarters in India, it should come down?

Puneet Khurana: It should come down. I mean, that is what the idea is. You know, that if the gas prices come down internationally, the same thing should be reflecting here.

Bhavin: Okay. Because just now I read that around from 8.5, it came to 7.8, but the gap of 4.5 to 6.5, it is pegged at 6.5 only.

Puneet Khurana: Yes, exactly, yes. So that's still, that is something that when it comes further down, it'll reflect.

Bhavin: When do you expect the capacity to hit 90% of your utilization?

Puneet Khurana: Once, you know, I think, if the CNG business continues like this, there will be a point that we will hit that.

Bhavin: Maybe we can see that in Q3- Q4 or next year. That is what my rough estimate would be?

Puneet Khurana: I hope so. I will not be able to give you any firm numbers, but I hope so this happens. You know, we can run that capacity.

Bhavin: And sir, are we pitching any mutual fund houses or fund houses with, because now this has become a totally different story than what it was earlier. Now it is like a zero debt company. There is no funds taken or no loans taken, and capacity expansion is done through internal accrual. So, I'm still surprised that, you know, why, no fund houses or no mutual funds have still shown an interest. Are we doing any roadshows for that? I am part of this analyst meet or this investor presentation for the last couple of quarters. That is there, but apart from that, anything which is there which common man or common investor is not aware, is there something done on that front?

Puneet Khurana: No, we're talking to investors, continuously and just updating them over the situation. Now, it's up to them to take the call to invest in the company or things like that.

Moderator: Thank you. Next question is from Abhijit Mitra from Aionios Alpha. Please go ahead.

Abhijit Mitra: Yes, I hope I'm audible. My question is more on the PV side. Is there any scope of adding capacity and organically on the PV side?

Puneet Khurana: There is a scope, we're working. There will be some or the other breakthrough on that.

Abhijit Mitra: Yes, because this Maruti and all, I think the number profile for 20-series is very different for a PV cylinder supplier than a CV cylinder supplier. So, probably there is something also, organically you can make them. But in general, what would be the cutoffs that you have in mind in that case? If you choose to look for an acquisition, what are the key things that you look for?

Puneet Khurana: An acquisition currently, I don't think we are already, we are working on a 60% capacity utilization. So acquisition, I don't think, like I said, in India, I don't think there is anybody who has the capability on the product line or the quality line, that we are making. So, and, they might have some customers that we don't have, but I don't think that that could be a reason for us to try to acquire anybody. And we would just like, because we would like to focus more on product development and things that we can control and grow organically, inorganically, then we are just getting stuck with other people's problems and then trying to solve them.

So we do not want to, I think, we moved very well over the last four, five years, things have been very, the debt, the company's debt has been paid off, promoter's debt has been paid off, so we are kind of, and expansion, of this kind of expansion has been

done. So there's no stress on the company today on how are we going to pay the debt or what's going to be, so we're not too much into the pressure mode on. We are more focused on things like, what is the new product line we want to develop?

What is the new sales strategy? How do we grow the business? So, we put aside all, so, growing unorganic will just kind of, unless you find somebody who has a very good technology that we do not have is something that we could definitely look at, but trying to acquire people and then further, again, get into this debt trap, I think, I don't think it's advisable for us to do that. But the board is there to take that kind of decision, and if something comes, they can decide if they want to do it.

Moderator: Thank you. Ladies and gentlemen, as in the further questions from the participants, I now hand the conference back to the management for closing comments. Thank you, and over to you.

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

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