Concord Enviro Systems Limited
(Formerly known as "Concord Enviro Systems Private Limited)
101, HDIL Towers, Anant Kanekar Marg, Bandra East, Mumbai 400051, India.
Tel: +91 22-6704 9000
Fax: +91 22-6704 9010
Email: cs@concordenviro.in
Website: www.concordenviro.in
CIN: U45209MH1999PLC120599

February 19, 2025

To,

National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051	**BSE Limited** Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001
Symbol: CEWATER	**Scrip Code: 544315**

Subject: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Transcript of Conference Call held on February 14, 2025

Dear Madam/ Sir,

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of Conference Call of Concord Enviro Systems Limited ("Company") held on February 14, 2025.

The same is being uploaded on the Company's website at https://www.concordenviro.in/investors.php.

The above is for your information and record.

Thanking you,

For Concord Enviro Systems Limited

PRIYANKA
AGGARWA
L

Priyanka Aggarwal
Company Secretary & Compliance Officer
Membership No: A38180
Place: Mumbai

"Concord Enviro Systems Limited
Q3 FY '25 Earnings Conference Call"
February 14, 2025

MANAGEMENT: **MR. PRAYAS GOEL – CHAIRMAN AND MANAGING DIRECTOR – CONCORD ENVIRO SYSTEMS LIMITED**
MR. PRERAK GOEL – EXECUTIVE DIRECTOR – CONCORD ENVIRO SYSTEMS LIMITED
MR. SUDARSHAN KAMATH – GROUP CHIEF FINANCIAL OFFICER – CONCORD ENVIRO SYSTEMS LIMITED
MR. ABHIJIT GHALKE – HEAD STRATEGY AND M&A – CONCORD ENVIRO SYSTEMS LIMITED

MODERATOR: **MR. MAULIK PATEL – HEAD OF RESEARCH – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Concord Enviro Systems Limited Q3 FY25 Earnings Conference Call hosted by Equirus Securities. 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 a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Maulik Patel, Head of Research from Equirus Securities. Thank you and over to you, Sir.

Maulik Patel: Thank you, Yusuf. Good afternoon everyone and thanks for joining. We have with us from Concord, Prerak Goel, Executive Director, Prayas Goel, Chairman and Managing Director, Sudarshan Kamath, Group CFO. Abhijit Ghalke, Head Strategy and M&A.

I would request Prerak Goel to give opening remarks on the third quarter performance and outlook of the same. Thank you. Over to you.

Prerak Goel: Hi. Good afternoon, ladies and gentlemen. We extend a warm welcome to you on this conference call for the Q3 and nine-months FY25 results of Concord Enviro Systems Ltd. I am Prerak Goel, the Executive Director of Concord. I am joined with our Chairman and Managing Director, Mr. Prayas Goel, Mr. Sudarshan Kamath, our CFO, and Mr. Abhijit Ghalke, Head of Strategy and M&A.

So just to sum up, Q3 and the nine months ended. We had had revenues of INR389 crores for nine months and INR122 crores for the quarter ended December 31. The nine-months growth is about 31% year-on-year from the sales compared to FY24.

Q3-25 had lower export shipments as compared to Q2. So you see a small degrowth in this quarter-on-quarter, but tracking overall numbers of FY25. The profit for the nine months ended 31st December is about INR4.36 crores. The nine-month profit and the quarter performance was low on account of forex losses on a project in Mexico due to volatility in the forex markets.

We've had a slightly higher freight expense also due to some bulk cargo shipments for this project. However, the order book is tracking at a healthy INR546 crores as on date. We obviously are experiencing a string of demand from both international and domestic clients from industries such as food and beverage, steel, automobile, and chemical. New sectors such as solar and CBG are also tracking well for us as we had discussed.

So yes, happy to hear your questions and yes, take it forward. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Dhavan Shah from Alfaccurate Advisors. Please go ahead.

Dhavan Shah: Yes, thanks for the opportunity, sir. So my question is, I think you mentioned that there was some lower shipment during the quarter, plus there was some forex loss and higher freight costs. So can you share the numbers of all these three things? And in the order book of around INR550 odd crores, how much orders are from Mexico at this moment and how much are unhedged? If you can share thoughts on that.

Prerak Goel: Yes, sure. So let me just answer your last question. So out of the total order book of INR546 crores, about INR34 crores are still in Mexico pesos. However, this is against execution that is happening in Mexico itself. So the costs are also in Mexican pesos. So therefore, that currency exposure is almost, it doesn't impact the overall numbers.

Of the receivables and the unbilled revenue for the project that is being under execution in Mexico, there we have an exposure of Mexican pesos at the current moment, which has impacted the books. The total loss at the current quarter was about INR6 crores. And for the nine-month period, it's almost about INR11 crores is the total accumulated forex losses at the current moment.

Obviously, some of these are unrealized, and we'll be tracking the movement to see how we can hedge these better to counter some losses.

Dhavan Shah: And how much are the receivables from Mexico at this moment?

Prerak Goel: So the receivable number, I think, stands at about INR24 crores. But there is still an unbilled project value. I can confirm. I don't have the value of hand, but I can confirm it shortly.

Dhavan Shah: Okay, okay. And why are we not hedging the Mexico receivables? I mean, is this the only part we are not hedging, or there are other parts also we don't hedge? No, because I think at the time of IPO, we were told that most of the revenues are denominated in the USD for the export business.

Prerak Goel: Yes. So most of the projects that we have are mainly in USD. So all our export, I mean, most of the export projects go into USD projects. However, this Mexico project, since it had a large EPC component as well, it was kind of done in MXN. And while the MXN was quite stable against the dollar over the last couple of years, we've seen some volatility, both on account of political situation in Mexico, that is after the elections that took place.

And obviously, currently, there's high volatility because of what is happening. See, when it comes to hedging, we have a very active hedging policy. In fact, all payables that we have in dollars are generally hedged. So we hedge very actively. However, in this particular scenario, the volatility was quite sudden because it happened due to an unexpected political event in Mexico. And that announcement was not factored in to our policy decision making. And that's the reason why that impact occurred.

After that impact, yes, there has been an inability to kind of look at the whole thing because the movement has been quite volatile and the hedging rates have been quite significant. So we have been -- while we've been kind of watching the space and trying to hedge it, we know in the short term that there will be some volatility and fluctuation that will come up.

Dhavan Shah: So out of the total export, how much is in the USD terms at this moment? And have we gained anything from the translation benefits because the US dollar was also appreciated during last quarter?

Prerak Goel: So you see what happens, unfortunately, is that the projects in Mexico are in our UAE subsidiary. So typically what's going on is that the forex loss is getting recorded in the UAE subsidy, which is again hedged to the dollar. Now, when that kind of moves to translation reserve coming into consolidation into India, that movement is in translation reserve and not in the P&L.

So that's the reason why the P&L has a higher impact. And while the rupee dollar has kind of been to our advantage, only part of that -- I mean, let's say on the Mexico project, we haven't been able to kind of show the gain on that because that's sitting in translation reserve. So yes, there is a net of effect, but that's gone to translation reserve.

Dhavan Shah: So if we do the net of effect, then what is the actual gain or loss, if you can share, which went into the devaluation reserve?

Prerak Goel: Sure, we can send that to you. I don't have the numbers currently with me, but we can share that with you.

Dhavan Shah: No problem. And you shared that there was some loss of sales also because of the shipment issue. So how much is the loss of sales?

Prerak Goel: Not loss of sales. What happened was, see, if you look at the quarter on quarter, we did about INR160 crores in last quarter. We did about INR122 crores this quarter. Now, typically what happens in our export projects is, a lot of the shipments kind of are bunched up, like a bulk shipment that goes out. It's not like we're kind of tracking every month and we're shipping. So Q2 had the residual equipment for our Mexico project, but Q3 did not have.

So we've completed all the projects, shipments for Mexico, and now the next projects that we have are all due for shipments in Q4. So Q4 will again kind of see that increase in sales because the export projects will take in. From the order book, you can see out of the INR546 crores, about 45% of the export book is export based. And that is a slightly bulkier kind of a lot where shipments would move in kind of bunches.

So there would be some variation quarter on quarter in our business because only the after sales piece is more like a runway, which is quite steady. So 40% of the revenues basically track quarter on quarter. But the 60% of the business would have some variations, a basis of the execution, of the planned execution for these quarters.

Dhavan Shah: So basically, if I look at, you know, the first nine months, I think we did revenues of roughly INR380 odd crores. And EBITDA is hardly INR28 odd crores. So what is our guidance for F25 and F26 based on the current order book?

Prerak Goel: So see, the revenue guidance, I think, see, we're looking on a year-on-year 18% minimum growth. So the revenue guidance is definitely there. Yes, so what we're looking at the EBITDA basis is we should be tracking around 16% incorporating the fact that this forex losses has taken place.

It works out to about 1%-1.5% of the turnover, if you look at it. So that's probably what we are factoring in our guidance at the moment.

Dhavan Shah: So basically, you know, if I look at roughly INR600 crores of revenue, which you can do based on, your guidance of 18 odd percent this year. So that comes to INR600 crores of top line. And on that, you are saying that 16% EBITDA margin is a sustainable number for this quarter, for this year.

Prerak Goel: That's right.

Dhavan Shah: EBITDA margin, you are saying?

Prerak Goel: EBITDA, yes.

Dhavan Shah: That comes to 96 odd crores. And for the first nine months, we did just 28 odd crores. So do you still expect this fourth quarter can be such a high number of 68 odd crores EBITDA?

Prerak Goel: See, there are two things. There are two things. So one is Q4 has quite a lot of export projects that are going out. You know, our margins in the export business are better than our Indian business. So that is one of the reasons why we are confident that those numbers should track. And also, the fact that our expenses are, let's say the employee expenses, the other expenses are not going to rise in the proportion to the turnover.

Because, see, from a business perspective, these are quite stable expenses that we have. We don't have expenses which track sales in a very big way, because it's not like a lot of variable costs in the books. So that is the reason why, yes, the numbers should track to that level.

Dhavan Shah: Okay. And in terms of the order inflow, I think more or less we are running at the same run rate.

Prerak Goel: Yes.

Dhavan Shah: So what is the progress over there?

Prerak Goel: So the order book is, I mean, as I said, it's quite healthy. We are sitting at about 546 crores of orders right now. Seeing great demand from sectors like steel, automobile, food and beverage on the international front continues to be very strong for us. Good bids in process. So if you look at, part of the things we put out in the exhibition, domestically we have an active order center discussion of about 800 crores, and internationally this value is about 350 crores.

So we have good traction on the orders that we are currently discussing with potential customers. And these are all mainly going to be FY26. And, yes, that 20% growth year-on-year is something that we definitely are poised to achieve.

Dhavan Shah: Order inflow growth would also be around 20-odd percent, you are saying?

Prerak Goel: Yes.

Dhavan Shah: In FY26?

Prerak Goel: In FY26, yes.

Dhavan Shah: And why tax rates are so low? Because I think you mentioned that UAE subsidiary is not paying any taxes. So in the overall top line, UAE doesn't contribute that much to the overall revenues.

Prerak Goel: No, so exports are picking up. So UAE does contribute about 50% of the overall growth number. So, our export turnover is booked through the UAE identity. So there is profits that get tracked, the export projects are all done there, and the domestic projects are all here. So, tax rates are pretty much --Also, profits overall are pretty much split between the two businesses because it's about 60%-40%. 60% is domestic, 40% is exports. So that 40% exports, whatever profits are made on that, typically we are able to enjoy a tax benefit on those.

Dhavan Shah: That is 0% tax rate?

Prerak Goel: At the current moment, yes.

Dhavan Shah: And that will continue till when?

Prerak Goel: So at the current moment, as per the UAE laws, we do not have to pay tax for our export earnings. It's only if you're doing domestic business within the UAE, then there's a tax on us, which we are not doing.

Dhavan Shah: Is there any limit from the UAE government?

Prerak Goel: No, there is no limit at the moment. No, no, there's no holiday. It's not like a tax holiday. At the current moment, this is... I mean, they're not taxing this. Understood.

Dhavan Shah: I have more questions, and I'll get back in queue.

Moderator: Yes, sure, sure. Thank you. Next question is from the line of Milind Karmarkar from Dalal and Broacha. Please go ahead.

Milind Karmarkar: Hi. Good afternoon. Wanted to know a couple of things. One is that even if I look at your last year's numbers, your earnings are volatile. Volatile in the sense quarter on quarter. Though I do understand that, in a project-based company, there could be this kind of volatility during the year, at least till you have a sizable amount of top line where some of your products are... projects are for the long term and for the short term. Some for the short term.

Last year's first quarter also, I think you had declared a loss, and then there was a small profit, and third and fourth quarter was very good. So just wanted to understand, A, it was an accounting policy. When do you consider --when do you take the top line into account in your P&L? Is it only after you complete your 10% of the contract? Because that is what I think the norm is. So just wanted to understand that.

And I think my second question was on hedging, which I think has already been answered. So if you could tell us more about that, and how should... because, you know, it's a small project company as of now, but over a period, I'm sure it can become large. So how should we look at the company, especially on the top line? What is the kind of period which we should look at? Three quarters, four quarters? Because this quarterly fluctuations will be there. So just if you could give some guideline to the analyst on that.

Prerak Goel: Yes, no, absolutely. So I think, you're absolutely right. As a business, we do have quarterly fluctuations. If you look at this year, 18% in Q1, 28% in Q2, then 21% in Q3. Hopefully, you know, we'll be about 30%-33% or 35% in Q4. So the numbers are definitely going to be on a moving basis quarter to quarter.

And this is primarily driven by a lot of the bulkiness that exports bring to our business, right? So on the, see, anything which is a smaller project, and we typically would classify anything less than 25 crores of small projects, the revenue recognition happens when we deliver the equipment to the client. And there is a small percentage, which is for the commissioning and installation expenses, which then gets billed when the project is complete.

So let's say, you know, at the time of supply, 90%-95%, and the balance 5%-10%, depending on the scale of the project, would be on commissioning. On the larger projects, we have a project completion method basis. So, like for the Mexico project, we've had to kind of do it on that basis. So whenever the equipments were finally dispatched or the costs were incurred, that's when revenue has been recognized.

And, that goes as for the policy that the company has on realization of project revenues. So if you look at our order book again, we have some sizable contracts in Africa right now, which are, you know, INR70 crores-INR80 crores. We have some projects in the US, which are about INR40-odd crores. So those projects would continue to kind of be accounted on the project completion basis.

Milind Karmarkar: Okay. Yes. All right. And I just wanted to understand about the tax rate. What is the guidance which the analysts should take on your total taxes, tax rate for the year?

Prerak Goel: So I think we generally kind of build in about 15% as a tax rate. and it would vary 2%-3% up and down depending on...

Milind Karmarkar: So around 15% for the -- to develop a model.

Prerak Goel: Right.

Milind Karmarkar: Okay. Thank you very much and all the best. Thank you, sir.

Moderator: Thank you. Next question is from the line of Agam from Raj Trading. Please proceed.

Agam: Good question. So you said freight and forex impact. So forex impact was INR6 crore for the quarter. What would be the freight?

Prerak Goel: So the, I mean, the total freight for the quarter was about INR5 crores. So if you look at the, just the impact portion, it should have been about INR2 crores, INR2.5 crores. So roughly about INR3 crores is what was that large order value. It was a big bulk cargo that we had to send out to Mexico and which was obviously due to the current conditions, geopolitical conditions, it was very expensive. But yes, I mean, as I also said, we are in discussions with our clients because it was a single shipment which we have discussed with them, the impact. And therefore, we hope that they will share the cost on that.

Agam: So around INR10 crores was the impact of freight and forex for this quarter, right?

Prerak Goel: Yes.

Agam: And do we expect any more impact from the forex coming quarters or no?

Prerak Goel: So actually, I mean, the peso has already recovered a bit against the dollar. If you see from 31st December lows, obviously, we can't, we can't guarantee anything. This is, this is a very volatile market. But we are actively discussing with our bankers in Mexico to see how we could hedge this position in such a way that overall, the impact is becoming very, very small.

Agam: So now overall what's the thought process and how much is Mexico of the order book now?

Prerak Goel: So as I said, Mexico total orders outstanding is only INR34 crores and that also pertains to work that is being done within the country in Mexico. So, both for me, the revenue and the cost are in pesos. For whatever we have built so far, that has been where you could say shipments have left from India and UAE and gone to Mexico and that outstanding is what is subject to this volatility due to the Mexico…

Agam: So now there is no substantial exposure, so the impact would be...

Prerak Goel: Yes, order book, not so much, but...

Agam: Okay, and so this international mix would be, how much would be, can you classify? So 301 would be how much?

Prerak Goel: Sorry, I didn't get that question, you're saying?

Agam: So 301 crore is what export international order book. So how much would be each region, can you quantify?

Prerak Goel: Okay, so I think US is about INR40 odd crores, Africa is about 105, or let's say, sorry, with the additional Africa, it's about... Okay, wait, let me open that page for myself. Yes, so about INR90 crores is US, INR112 crores is South Africa, and then we've got Mexico INR34 crores, yes.

Agam: Okay, so Africa is also hedged for us, or how is it?

Prerak Goel: So what happens is, see, on the export side, let's say the hedging is because AED is, sorry, Dubai is where these orders are executed from, and the AED and the dollar is pegged. So whenever there is a dollar invoicing to my client, in UAE I'm already pegged, so there's no ability to peg any further.

What happens is, in India, if there's a dollar exposure, because sometimes they're buying raw materials and everything, that exposure we hedge in the Indian market. So that kind of counters some of the volatility that we face. But yes, I mean, if it's a dollar export, then Dubai is the exporter, so there is no ability to hedge on that front at least.

Agam: The question I'm coming from is that, what is the thought process in future in order to try to minimize or avoid this kind of forex losses?

Prerak Goel: Of course, that was a big one that we also took back. But see, for the same client in Mexico today, we're negotiating further orders, so we've clearly told them that these orders would need to be in dollar terms. We did take the last project in pesos, because as I said, there was a substantial amount of work that was being done also in pesos. So it made sense at that point in time to look at it. But yes, obviously, going forward, we are going to stick to dollar currency as much as possible. Only the local, wherever there's local work, especially on the EPC projects, if there's local work to be executed, then we'll have to look at coming in there.

Agam: And the Africa order is dollar-dominated only, right?

Prerak Goel: So the exports are dollar-dominated. There is, again, some local work, maybe about 10%-20%, which is in local currency, but that again will be executed using local suppliers. So the risk is minimal. A variation would only reduce the order book value or the sales value, but it won't have an impact on profits. Okay. That lesson has been taken forward.

Agam: On the order book front, out of the 800 crore, how much are we expecting to be materialized in the next three months?

Prerak Goel: So, see, I think if you look at our India business, it's tracking at about 30% conversion. Our export business is slightly more, better where we kind of track about 60% to 70% conversion for our export inquiries, because I think they're more kind of focused inquiries in which we definitely have technological advantage or kind of energy footprint advantage. So that is basically on an annual basis, of course, these numbers.

So, yes, I mean, but again, good tracking, because at least on the recent, let's say last three months, if you look at the steel sector, the automobile sector, these are large companies who we've got good orders from. So, we definitely see the India business tracking well. Food and beverage, especially on the food processing side, we've got good orders in the last quarter. So definitely the uptake is quite strong.

Agam: And this order book of INR546 crores includes O&M or O&M would be over and above this?

Prerak Goel: No, it includes the O&M, so this is the total order book.

Agam: It includes O&M?

Prerak Goel: Yes.

Agam: Okay. And so, as per the guidance, what you said, so for next year, around INR600 crores ballpark figure, which we're targeting. So the next quarter, in terms of growth of top end, would be flat, right? Because I think Q4, we did the INR200 crores, right? If I do the maths.

Prerak Goel: Yes, so quarter on quarter will be flat. But if you can... Yes, I mean, because it's very difficult to look at.

Agam: But the profitability will come back?

Prerak Goel: Yes, sir. Because, I mean, yes.

Agam: You're saying you're trying to end the year at 16% EBITDA?

Prerak Goel: Yes.

Agam: Right. Okay. And why is the employee and the interest also gone up this year, this quarter?

Prerak Goel: So the quarter, obviously, we had expenses running up towards the end of December. So that's one of the reasons why the expenses were slightly higher. But if you look at now, we've kind of reduced our debt by about INR50 crores from the IPO proceeds. So that has happened in February. So, that benefit will accrue in partially in this quarter and from next quarter onwards, that should kind of go better.

The employee is more because of annual increment cycle. Plus, we've kind of placed some, you know, added some resources given the growth trajectory that the company is seeing, from the overall business. And, of course, the CBG segment as well.

Agam: Okay. And how are margins looking for next two years point of view?

Prerak Goel: I think our margins guidance has been, very, very strong. You know, I think given the leverage that we are getting with higher turnover, we definitely see those improving. As I said, this is more of a one-off for us for the moment. But, yes, I think, we should definitely see stronger margins.

Agam: So from this year we'll be ending at 16%, right? Including the one-offs, right?

Prerak Goel: Yes, sir.

Agam: From that end, we should be in the middle, right?

Prerak Goel: We should be in the middle.

Agam: Okay. And how's the overall demand scenario been so far?

Prerak Goel: So very positive, as I was saying. I mean, if you look at both from the international and the domestic, I think in international we are having a large project coming from Africa. So that's another big one that we're chasing. There's new projects in Mexico because that's again a market where the government has kind of tightened compliance for a lot of industries.

So there is a lot of demand there. We're talking to the alcohol beverage industry there, the food and beverage, and also some of the automobile clients in that region. In India, I think, we continue to see good demand. In fact, chemical sector is something, in the last quarter we've seen them kind of come back, both with new orders as well as some capacity expansion. So we hope, because pharma and chemical have been our bread and butter sectors.

If you see, the sector mix that we've had in the Indian market, pharma, chemical have been very strong. So, you know, with that revival, we definitely hope that that should also continue.

Agam: Okay. So why are we not looking at Europe?

Prerak Goel: So Europe, it's not that we're not looking at it. We have a sales office out of Hamburg at the current moment. But I think, you know, the, let's say the -- what people generally do there is they discharge it to the municipalities and they pay a fee for the discharge. So that's where a lot of people kind of tend to not treat their wastewater, but simply discharge it to the municipal corporations. The cost of that is something we are working on. Obviously, because it's an expensive market even from an operations perspective.

So today, few clients are kind of looking at recycle and ZLD solutions in that market. But, you know, we are sure that given the cost that they are paying to the municipalities, there is a advantage there. So yes, our team is working on, in those markets to see how we can go through. But yes, I think we're still seeing a lack of -- a holistic demand coming in from that region.

Agam: Okay. Thanks. I'll join the queue. I have two more questions, but I'll let others ask. Thank you. Wish you the best.

Moderator: Thank you. Next question is from the line of Prateek Bhandari from AART Ventures. Please go ahead.

Prateek Bhandari: Yes, hi. Thanks for the opportunity. Yes, so I wanted to understand about the order book component. You mentioned that INR546 odd crores of the order book includes the O&M as well.

Prerak Goel: Yes.

Prateek Bhandari: So does it include the CBG as well?

Prerak Goel: Yes, it includes CBG as well, but yes, for the first contract.

Prateek Bhandari: So if I have to talk about the split of the O&M versus the fresh equipment sales, what would be the quantum?

Prerak Goel: So INR100 crores is the O&M. That's our 12-month tracking number.

Prateek Bhandari: INR100 crores?

Prerak Goel: Yes

Prateek Bhandari: Okay. So that means the remaining INR446 odd crores is for the fresh equipment?

Prerak Goel: Yes. I mean, got some trading in there as well, but that's about INR15 crores-INR20 crores, so it's a small number there.

Prateek Bhandari: All right. And the execution timeline for the complete order book would be 12 months, right?

Prerak Goel: So most of it is 12 months. Just on the Africa projects, there is, let's say, a final 10% that would be on commissioning. So maybe there is some carryover into FY27 for that Africa order.

Prateek Bhandari: Okay. And also, if you can give a tentative ballpark figure of your average order size, both in terms of the domestic orders and international orders?

Prerak Goel: So international is larger, obviously, I mean, because these are larger projects. So typically, I would say an average would be starting at about INR40 crores upwards. You know, we've seen about INR70 crores, INR80 crores at the current moment, so you could say that would be the range.

On the domestic side, orders are quite spread out, but I think, average, you could take about five odd crores as the average. So, we get orders typically eight, nine crores on the higher side, which are these average projects which we execute in less than six months.

Prateek Bhandari: INR8 crores to INR9 crores.

Prerak Goel: Yes. I mean, that's an average. That's a higher end, and 5 crores is the average.

Prateek Bhandari: Okay, so INR5 crores would be the average. Okay. And, about the guidance you, you know, just alluded to that, we would be closing the year around about, at around 600 crores of top line. And in the nine months, we have done approximately INR387 crores. So, do you feel confident that we would be able to do that 53% top line growth in just Q4?

Prerak Goel: Yes, so if you look at Q4 last year also, it was about INR200 crores. So it was INR200 crores out of INR496 crores totally. So Q4 is a very strong quarter for us, generally both in the Indian context as well as, I mean, some projects kind of do get piled up where they get dispatched in Q4.

So it generally is a, if you look at our trends, at least 33% of the annual revenues have been kind of booked in Q4 on a kind of a sustainable basis where we've done this for years now. So, yes, pretty confident. In fact, I think if you look at Q4 '25 versus Q4 '24, you'll probably tell us that it's flat. So, it's going to be just very close to the same number as compared to what we did last year.

Prateek Bhandari: And you mentioned that the EBITDA margins would be 16 odd percent for the full year, right?

Prerak Goel: Full year basis, yes. That's what we, that's what estimates are giving us the number right now.

Prateek Bhandari: And going forward for FY26, what kind of growth we can anticipate on FY25 numbers?

Prerak Goel: So I think given that the fact that CBG is kind of coming in and given that we have a strong order book, I think, we are looking at a minimum of 20% sort of a growth coming in and that should translate across. I mean, obviously the margins and everything that we're signing up new orders for is pretty strong. So, we expect that 20% growth to come with good profitability across the board.

Prateek Bhandari: And by far, you know, how has the Jan month, has been for you? If I talk about the Q4?

Prerak Goel: So Jan has gone steady. I think, I don't have the exact numbers again, but yes, it's gone pretty steady. We have kind of achieved on, we're on track for delivery of the Q4 target.

Prateek Bhandari: Okay. That was all the questions. Thanks.

Moderator: Thank you. Next question is from the line of Amish Kanani from Knowise Investment Managers. Please go ahead.

Amish Kanani: Hi. Thanks for the call. Part of the questions are answered. But sir, if I have to, you did mention that the conversion in India is probably say 30% and international maybe higher at 60%. If I were to understand this pipeline, sir, a little better, is this the pipeline which generally gets closed, you know, on a three to six month basis or it's a yearly pipeline? So say six months forward, will this pipeline, inquiry pipeline will grow or it's static for a year or so is the first question, sir.

Prerak Goel: So I think if you're looking at the market dynamics in India today, cost of water is going up for industries. So what we have seen is that the pipeline has been growing. It's been going quite steady. I would say 10% to 15% a year is the additional pipeline that we are seeing in the Indian context.

Obviously, a lot of the customers who are talking to us today, earlier there was a trend where people used to kind of come and take quotations and then hang for a bit. I think that is kind of changing and I'm hoping that with the capex cycle kind of, hopefully coming back with the monetary policy easing should kind of benefit the whole capex cycle in the country.

So yes, I mean, I think overall there's been a growth in the volume of inquiries that we've been getting. So, but yes, it's been in the range of 10%, 15% is what we have seen in the last couple of years.

Amish Kanani: Okay. And sir, talking about CBG, you did mention only one project of CBG is there in the order book. Any sense of how it is panning out? Because we, from the listed player space perspective, we have heard and seen probably, Praj and Thermax's of the world are also in this thing. And my understanding of the CBG pipeline was that average, the capex for the CBG plant is anywhere between 25 crores to 40 crores.

So if you can give us some sense of how are we competing with these large players and what is our accessible market opportunity and stuff like that?

Prerak Goel: I'm going to give it to Mr. Prayas to answer this question.

Prayas Goel: Hi, good afternoon. Yes, as you mentioned, the CBG opportunity is quite large with multiple players. As Concord, our focus on the CBG play continues to remain on the kind of the general open market CBG licensees who have good access to feedstock or guaranteed feedstock availability, which has been one of the major kind of issues plaguing the sector.

But additionally, we, you know, given our strong industrial connections, we are also looking at and in advanced stages to sign contracts with industries who themselves have organic waste from the food and beverage sector, from the sugar alcohol sector who have captive waste, so as to say, and are able to kind of, supply enough of feedstock for a CBG project.

So in addition to the licensees, we're continuing to look at industrial players and we expect our kind of next year to be a mix of about six to eight projects to be a mix of industrial and, you know, general open biomass licensing kind of CBG projects.

Amish Kanani: And so what's the ticket size for us?

Prayas Goel: Yes, the ticket size, I mean, typically it's going to be on an average between 30 crores to 70 crores depending on the project, so between 5 and 10 tons, so between 30 crores to 70 crores per project.

Amish Kanani: And we address the whole pie is what you're saying, right?

Prayas Goel: Yes, that's right.

Amish Kanani: And, sir, just a couple of housekeeping questions, sir. This year nine month order input inflow if you can give us, and also if you can clarify, whether our order book is largely private sector, do we deal with government entities in terms of, orders?

Prerak Goel: Yes, so, I think the number is close to INR400 crores, I think it's about 420 if I'm not mistaken, but it's in that range of INR420 odd crores. If you look at our business, mainly on the private side, we do have some business with the defense where we do work for Government of India, that's basically the Indian Navy and Coast Guard. So there, because we supply desalination plants on both the ships and submarines, so that order book continues.

Traditionally, it's been in the 6% to 7% sort of a range. At the current moment, I think, out of the order book, you would probably see about a similar kind of 5, 6% number which is related to defense. Beyond that, you know, there is a bit of the O&M business where we're doing it now with third party contracts where we have taken on a little bit of exposure for operating and maintaining water treatment plants. So there, there was a small government exposure, but again, the quantum is not more than 2, 3%.

Amish Kanani: Okay, thanks a lot and all the best, sir. Thanks for the call.

Moderator: Thank you. Next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Oh, thank you very much, sir, for this opportunity. So just wanted to understand, we have got about order book of 546 crores, out of which around 100 crores is O&M order. So 450 crores odd would be our current order book, right, out of which domestic is 55% and export is 45%, right? So what is the margin we see in exports and what is the margin we see in domestic? I mean generally, when we book the orders, what is the inherent margin we keep for ourselves?

Prerak Goel: Yes, so at the gross margin level there is a difference, generally in the range of 7% to 8% is the difference between India and exports. Now, see what happens...

Deepak Poddar: At EBITDA level, sir, if EBITDA level...

Prerak Goel: Yes, I was just coming to that. So what happens at the EBITDA level, sir, is that in case there is a last mile, especially on the EPC contracts, if there is a last mile contract work that has to be done, there typically costs would go up. So in contracts where we are doing EPC, we see that the EBITDA margins are very close to what we see in India.

But contracts where we are doing equipment supply or we are doing, just, let's say, supplying spares and all that stuff, there we definitely see higher EBITDA margins. So I think if you look at a consolidated position, it depends on the mix of projects that are coming in, but I would say on the EPC it's similar to India, but on the supply contracts I would say anywhere between 5% to 7% better than India.

Deepak Poddar: So, I mean, if I have to see, I mean, at a company level if the EBITDA margin is 16%, then the export margin would be 20% and domestic margin can be 12%-13%. Would that be fair?

Prerak Goel: That would be a fair assumption.

Deepak Poddar: Okay. Okay, understood. So, I mean, I was just looking at the guidance that we've given for this year, FY25. I mean, for 16%, if you have to do for this entire year, you have to do at least 30% EBITDA margin in fourth quarter. So how will we achieve that? I mean, at 200 crores of revenue you have to achieve 28%-29%-30% kind of EBITDA margin where our order book inherent is only at, I mean, 19%-20% in exports.

I mean, you mentioned this will happen because of push in exports, right? But your exports inherent margin itself is 20%. So how will we achieve 30% kind of EBITDA margin?

Prerak Goel: So what is happening, sir, is if you look at our other expenses, you look at our employee cost. These are two costs which are obviously significant, but they're pretty much fixed quarter to quarter. You will not see that kind of increasing with increase in revenue.

So as you go from 122 crores in Q3 to about, let's say, 210-220 crores in Q4, you're seeing those two costs are not changing. So on an overall basis, that number is not going to, I mean, I don't need to kind of earn 22% on that. I mean, these are all analyzed numbers. So typically what will happen in Q4 is that you will have, let's say, 50 plus percent contribution gross margins and then you will have these fixed costs coming in in terms of salary and other expenses which will then result in your EBITDA kind of slowing down.

So this is typically being again with us on a historic basis if you really look at the numbers we've been trading -- I mean, it's been kind of tracking the similar kind of fashion.

Deepak Poddar: Okay. So, I mean, you're saying in Q4 this 28%-29% EBITDA margin is doable. That's what you're saying?

Prerak Goel: Is achievable.

Deepak Poddar: Okay. Okay. Understood. And my second question is on your order book. I mean, currently we have an order book of only 450 crores where annually we are doing a revenue of 600 crores, right?

Prerak Goel: Yes.

Deepak Poddar: Which gives us a very low visibility. I mean, if you look at some other companies also, they have at least two, three years of visibility, right? I mean, for our perspective, I mean, the visibility is quite low. I mean, even not a year and given your execution timeline is 12 months, right, for this it would be many years.

Prerak Goel: Of course. But let me just put that. So, we get a lot of small orders in India which are typically executed within three to six months. Typically, this number for us historically has been between 100 crores, 120 crores of orders which come in during the year, are executed during the year. So, that typically, piece continues because, you know, a lot of the small scale where they're just buying equipment. So, if you look at my entire product profile, EPC, I'm doing only for very few, very large clients, right?

My, let's say, a major part of my business is where I just supply equipment. We go and we commission that equipment and get paid for it. And these orders typically would be executed from a minimum of three to a max of six months. And these orders, we are booking on a regular basis every day. So, between 100, 120 calls per annum will come from this steady kind of business, let me say. And then, there are some large projects that do come in.

The O&M businesses is pretty much continuing. The trading, obviously, the trading orders are executed within 30 to 45 days. So, those all are recurring businesses which will keep coming in. They don't really kind of contribute much in the order book stage, but that 40% revenue is pretty sticky. that will continue and you can see that the O&M business is growing at 20%. So, that will kind of, continue to track and the balance is what will come in through just-in-time orders.

Deepak Poddar: So, any order book target we have for year end, this year, FY25 and 26, what sort of order book we are looking to kind of accrue for, sir?

Prerak Goel: So, we were hoping that we know we will be able to achieve 500 and I think given the current inquiries that we have responded to and some of the orders which are closing stages, we are quite confident we will be in that range. So, 480, 500 is what we expect to close FY25 at. So, we will have that much of opening order book.

Deepak Poddar: That is excluding O&M, you are saying?

Prerak Goel: No, this is including O&M, sir. What I am giving you numbers right now are including O&M.

Deepak Poddar: But we are already at 550 right?

Prerak Goel: If you look at this quarter's execution is almost about 140 crores-150 crores and balance execution is pending.

Deepak Poddar: Correct, Okay, I got it. That will be it from my side. Thank you very much.

Moderator: Thank you. Next question is from the line of Tej from Niveshaay Investments. Please go ahead.

Tej: Thanks for the opportunity. My question is again on the forex part. If I look at the three months back exchange, what I understand is that receivables are quite old in three months also, which are dominated in the pesos, right? So, if you could give me those numbers, right? I mean, how much of our receivables which were outstanding or let's say, last quarter were older than six months and what in terms of percentage, how much hit they have taken? What I understand is about 9% to 10%, right?

Prerak Goel: So, if you look at, yes, I think if you look at the overall forex loss that we have on the books right now, it's about 11 odd crores coming from the Mexico project, right? So, I think the total Indian rupee exposure is about INR75 crores to the Mexico project at the current moment, both in receivables and unbilled revenues. So, that is where we're seeing that the Mexico peso fluctuation is kind of creating a loss on the books.

But that, as I said, we're coming close to the order execution period, so, I mean, we have delivered all the equipment that is to be going there, and we hope to complete installation by March, and then most of this commissioning and everything by June. So, next two quarters, this money will get received, and that's the open forex exposure that we continue to have, which we are actively looking at.

Tej: So, INR75 crores is the exposure. Okay, got it. And USD would always be stable because it's linked to AD which is pegged, right? So, you gain or loss, but there's no impact on our P&L.

Prerak Goel: Yes, I mean, yes, on the dollar point of view, the dollar order, yes, there's no impact on the P&L.

Tej: Got it, got it. And my question was, if I look, I mean, if I look at your historical numbers, our business is quite sticky, right? I mean, so what I understand is for you to grow, let's say, 20% next year, you need to crack a new client, right? Because all our major orders, let's say, the Mexico, the Diageo order is also about to end in this financial year only.

So what's the visibility there? I mean, are we going to get repeat orders from Diageo? I means as far as I understand Diageo has good CSR projects across Africa and India also. So, what's the visibility on 20%? How many new customers are we looking at it? Because all the major orders which we got from, let's say, Meghna or Diageo are about to end, right? So, what's the visibility there? And is this incremental amount coming from the international markets?

Because as far as I understand, I mean, this is a follow-up question, I mean, the ZLD adoption in India is still quite low because of higher expenses and no mandate. So, how do you see this panning out in India? I mean, I just wanted to understand how confident are you about this 20% incremental growth because for you to grow 20%, either your older customers have to give you a big repeat order again, and otherwise you have to enter a new market to get a new order from a bigger player. So around visibility, if you could throw some light.

Prerak Goel: Yes, sir. Totally, sir. I mean, if you look at our Africa business that we already have, so we have an order from Diageo which is for two sites in Africa, totaling to about 105 crores. So this is the order that we have got in the back of our execution in Mexico. In Mexico itself, we are working with Diageo, we have almost given them another $3.5 million worth of quotation for some of the work that they have on their new plants.

So Diageo continues to be a very strong client for us. And obviously, from a relationship point of view, we're very strong with them. And as you said, they have a great CSR budget where they're working across the globe. So I would tell you that we have projects which are under discussion for even Europe and Africa as well. There are more projects that will come up there.

So that is definitely there. Having said that, we have new clients. We are talking to a sugar industry based out of South Africa. They have kind of tendered with our technology for a particular project in South Africa, so that again, it's a large contract, I think 100 plus crores, so that is already coming in.

Plus, markets like Mexico, we are focused on because there, the government has put a mandate where you could say the industries have to adopt ZLD, like Diageo did for the Mexico distillery they put up. So that is something where we have got almost four or five very strong inquiries from both the alco beverage as well as certain food and beverage industries like yeast manufacturing. So there we have some final discussions that are currently happening which should translate into orders in the coming two-three months.

So that all, from an order book and an execution space, I think we are quite comfortable. Even if you see out of the 500 crores order book that we should have for FY26, close to 400 crores is what will come from the projects that we currently have. And roughly about 40% of our revenues come from our after sales business.

So if you target a 20% growth and look at 40% of that number, that's going to come in from recurring business which we already have. So the 400 crore project order book plus the 100-120 crores which we normally get during the year, that should substantially cover the growth for FY26. But yes, all these discussions that we are having is a very strong pipeline. And as these orders come in over the next three to four months, we expect the order book to be quite visible to give us growth for the next two years.

Tej: And if you could just give a broad range, what expectations are we having from the Africa and especially from Diageo?

Prerak Goel: So in terms of number of projects?

Tej: Order inflows, in terms of value, what amount of orders are we expecting from Africa and then Diageo?

Prerak Goel: I think Africa, we have quotations out there for almost 150 crores, which are currently given to clients. Diageo, at the current moment, the Africa project we've already won, so that's in the order book. We're working with them for two other markets that they have, but we've not come to the quotation stage yet on those, so we haven't given up any more tenders for the Africa business of Diageo.

Tej: And out of 150 crores, how much would be Diageo?

Prerak Goel: No, sir, this is all non-Diageo. The 150 crores in Africa is purely non-Diageo. It's a sugar industry we are talking to.

Tej: Great. I just wanted to get your thoughts on we are almost doubling our capacity in the membrane space right and if I look at the overall utilization it's about 60%, 50%- 60% right. So what's our thought process behind this incremental membrane capacity. I mean, are we going to use in-house for our EPC contracts or are we probably thinking to sell it as a consumable and then what's our plan there of ramping up and then how much revenue could we expect from this incremental capex?

Prerak Goel: So I think two parts to it. One see, the ramp-up that we're doing right now is more for our waste heat evaporator business because that's also a kind of a module that we make. And we use it for evaporation as compared to the stainless steel evaporators. So right now, the ramp-up is more towards that business. We're trying to kind of create a demand for that.

So wherever there's a thermal kind of a system, today we are capacity constrained for that ZLD space where customers want to do ZLD. We have a minimum capacity which is installed at the moment. So that is where we are ramping up.

If you look at our membrane, purely our membrane sort of division, there the focus is on two things. One is we're focusing on sale of modules and sale of systems because a lot of markets where we see people want to just integrate. They want to do the last mile integration within the country, and they just want to buy modules from technology players like us. So that is where we're focusing on module sales.

So that is where we're focusing on module sales but yes we're not trying to ramp up capacity there right now because at the current moment we do have spare capacity in the module and membrane manufacturing space. It's clearly the WHE and some of the other components that we streamlining where we're doing certain investments.

Tej: Got it. And then what I understand is waste heat evaporators forms a major chunk of an ZLD in terms of cost. So since we are backward integrating, are we expecting our margins to improve?

Prerak Goel: Yes, sir, so that's the whole crux of getting into ZLD because now we have the tech to be able to support that last mile integration because earlier, if you see our history, let's say we were only doing mainly the membranes bit of the business, so obviously the membranes were only about 30% of a ZLD contract.

Today, we have a higher wallet share because when a client looks at ZLD, we basically quote them the entire equipment, so that obviously gives us a larger chunk of the business and that obviously does kind of help in margin because if it's one contract, earlier we used to go there just doing one equipment, now we're doing multiple.

Tej: Got it, got it, interesting. That's all from my side, thank you.

Moderator: Thank you. Next question is from the line of Maulik Patel from Equirus Securities. Please go ahead.

Maulik Patel: Yes, I have a few questions. Yes. A couple of things, this 5 crores of Diageo, this higher shipping cost has been booked as in a part of the cost of raw material, right, in this quarter, or is it part of the other expenses?

Prerak Goel: No, it's part of other expenses.

Maulik Patel: Okay, and this forex loss?

Prerak Goel: It's a part of other expenses.

Maulik Patel: Both have been part of the other expenses, right?

Prerak Goel: That's right, yes.

Maulik Patel: So your gross margin, if I look at this quarter, has been similar to the last quarter, which was around 45 to 44, but this, because of this two item, as an expense, the percentage of sales has gone up to DI. Okay, that's one. What's the update on this mega-order, mega-engineers orders, and what kind of status we have when we are expecting to start delivering on that?

Prerak Goel: So engineering is ongoing right now. I think, yes, we're just waiting for advances and the engineering completion.

Maulik Patel: Okay, so after that, so the large part of the execution will happen in FY26, right?

Prerak Goel: Yes. But again, subject to advances and all coming in, so.

Maulik Patel: Okay, okay, got it. So in the CBG, you have received one order. I think the earlier discussion was that we have a capability to do around two to three kind of CBG every year, right? And the market is pretty big. And the government has also announced some kind of incentive to promote this one. So we've been waiting on what? I mean, are there more orders in the pipeline? And has the bank started giving the funding for the CBG or not?

Prerak Goel: Yes, as we just mentioned earlier, that we are focusing on both the biomass side of it and the industrial organic waste side of it. So, we are definitely on track to close a couple of more orders in this, for FY26. Okay.

Maulik Patel: And from this, the capex you intend to do from this IPO-only money, once I think that gets finished probably next year, what kind of revenue you can do on this capacity you have both in terms of at one at Vasai and in Dubai? What kind of revenue you can do in the system and plants?

Prerak Goel: So I mean, you see, actually, if you go to see from a capacity utilization perspective, once we put up the investment for the WHE manufacturing, I think revenues can go up at least three to three X, three X for systems and plants.

Maulik Patel: Okay, okay. So that's probably on the, if I look at this last year, this year, the system and plants will do around 400 crores kind of a number, approximate. So you can do around INR1,000 crores, INR1,200 crores around the same days.

Prerak Goel: Yes.

Maulik Patel: Okay, and WHE, when you will be finishing that capex approximate?

Prerak Goel: So we're starting in FY26 and it's a one year kind of a play. In the meantime, yes, there's some outsourcing happening to kind of bridge the gap for the next year. But yes, it'll take about one year. So FY27, early FY27, we should have operational.

Maulik Patel: Okay, it will be coming next year. And any thoughts on the competitive industry in the domestic market? How others are expanding their days or capabilities? Or there you see any kind of pressure on the margins? Because domestic has always been relatively lower margin for you compared to the export. And so any thoughts on that?

Prerak Goel: Yes, we're seeing a good kind of movement on the domestic market where customers are realizing that they need to get the operating costs of ZLD and go for an efficient and reliable zero liquid discharge because it's no longer just something that they need to show. So they are realizing the operating costs and going for better value equipment. So the market is maturing in domestically in that sense.

Maulik Patel: You mean to say that more and more are going for the ZLD options other than the earlier solutions?

Prerak Goel: Yes, but also because of water security because water becoming more expensive and water availability becoming more unreliable.

Maulik Patel: Are the other players also expanding the capabilities, in terms of if someone doesn't have one in the ZLD, then they may also start getting the technology from the outside and start getting the competitive intensity in terms of more people you are seeing on that and that more people are participating now or is it similar to that?

Prerak Goel: I would say similar to what it was last year.

Maulik Patel: But market is open, right? The chemicals and pharma which probably were not expanding in the last two years are now expanding.

Prerak Goel: Yes, certainly.

Maulik Patel: Great, thank you.

Moderator: Thank you. Thank you. Next question is from the line of Harshit Rathi from Sunder Saree Sansar, please go ahead.

Harshit Rathi: Yes, sir, just in case that you have acquired subsidies in Kenya and Uganda, so are you seeing any orders from the countries and all?

Prerak Goel: Yes, so this is actually for the Africa order I just mentioned with Diageo. There is some last mile contract work that will have to be done locally. So these entities are to cover those contracts. It'll be one of it like an SPV.

Harshit Rathi: Okay, and sir, in quarter four, so are we not seeing any forex losses, right, if in case?

Prerak Goel: So we are actively hedging that position. As I said, from the lows of December, the pesos has already recovered, so hopefully we'll cook some of the losses. But yes, we are actively in discussion to see how we can hedge it. Obviously, the hedging costs right now because the volatility are quite high, so we're also kind of tracking that and solving for it. But yes, I mean, we are hoping that we don't come to a negative position for Q4. But that exposure is remaining open, but that's been actively managed.

Harshit Rathi: But we will be profitable, right, if we will be?

Prerak Goel: I think the worst is over, so yes.

Harshit Rathi: Thank you, sir, thank you so much.

Moderator: We have our next follow-up question from the line of Dhavan Shah from Alfaccurate Advisors. Please go ahead.

Dhavan Shah: Yes, thanks for the opportunity, sir. So I have just one question on the other cost. So this quarter, the cost is roughly INR30-odd crores. And if I exclude, the extraordinary item of roughly INR7 crores-INR8 crores of this freight and forex, so roughly INR22-odd crore is the other cost. Out of this INR22-odd crore, can you help us? How much is the fixed and how much is variable?

Prerak Goel: So I think barring some sales commissions and some service and freight, yes, to the extent of freight, I think, so that's about 2 and maybe another 2. So about INR4 crores is relatively variable. The balance is pretty much fixed.

Dhavan Shah: Understood. Okay, sir. And so basically, INR18 crores plus INR23 crores, so INR40-odd crore per quarter is the fixed overhead that you are seeing, and that will continue in F-26 also?

Prerak Goel: Yes.

Dhavan Shah: Understood. Okay, sir, thank you. Right, sir.

Moderator: Thank you. We'll take our last question from the line of Tej from Niveshaay Investments. Please go ahead.

Tej: Yes, thank you so much for the opportunity. I just wanted a bit clarity on the employee cost. I mean, you said you get some hiring. I'm just wondering what's this hiring for? I mean, is it for the Africa project? Because I mean, there is quite incremental jump in the employee cost because this pilot is lower revenue based. So can we just throw some light on this?

Prerak Goel: Yes, sure. So yes, the hiring is kind of more related to on the project side from a project management point of view for ongoing projects and projects that we're expected to bring in bandwidth for project management. And also on the CBG side, which is relatively a newer business we're getting into. So kind of building the whole team there from a CBG perspective. And also the third party O&M's piece, which we've started, which is also bringing in expected revenue in the coming period. So there's also manpower onboarded for the third party O&M part of the business.

Tej: Is there a temporary nature to this employee cost? Because probably let's say a project gets completed, right, and then EPC projects, do we have those staff which are on temporary payroll, or are they only?

Prerak Goel: Very, very minor, sir, very minor. There is obviously some annual or six-month kind of contract which are taken in market, local people, right? They move out, but yes, that's not significant.

Tej: Got it,. Okay, that's all from me. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for the closing comments.

Prerak Goel: Thank you, everyone, for joining the call, and we look forward to your participation in the ensuing quarters. Thank you.

Moderator: Thank you. On behalf of Equirus Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.