



KILBURN ENGINEERING LTD.

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19th November, 2024

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

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

Scrip Code: BSE 522101

Scrip Code: CSE 21022

Sub. : Transcript of earnings conference call on the unaudited Financial Results for the quarter and half year ended 30th September, 2024.

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith transcript of the earnings conference call held on 14th November, 2024 to discuss the unaudited financial results of the Company for the quarter and half year ended 30th September, 2024.

Yours faithfully,

For **Kilburn Engineering Limited**

Arvind Bajoria

Company Secretary & DGM (Costing)

Encl: a/a



KILBURN ENGINEERING LIMITED

Q2 & H1 FY25

POST EARNINGS CONFERENCE CALL

November 14, 2024 10:30 AM IST

Management Team

Mr. Ranjit Lala - Managing Director
Mr. Sachin Vijayakar - Chief Financial Officer
Mr. K. Vijaysankar Kartha - MD, M.E. Energy Pvt Ltd
Mr. Amritanshu Khaitan - Director

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q2 and H1 FY25 Post Earnings Conference Call of Kilburn Engineering Limited. Today on the call from the management we have with us Mr. Ranjit Lala, Managing Director; Mr. Sachin Vijayakar, Chief Financial Officer; Mr. K. Vijaysankar Kartha, MD, M.E Energy; and Mr. Amritanshu Khaitan, Director.

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

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

Ranjit Lala:

Yeah, thank you, Vinay, and good morning to all of you. On behalf of Kilburn Engineering Limited, I welcome you all to the quarter two 2025 earnings call. We are very pleased to inform you that the company has continued to perform consistently and the latest updates are as follows.

Kilburn has recently been awarded an export order by Jessa for supply of rotary dryers to be installed at OCP Morocco, the largest producer of rock phosphate. This is the single largest order ever awarded to Kilburn. This supply will enable us to establish a stronger reference to our existing global footprint. The value of the order is around \$15 million, that's ₹126 crores. The contract is expected to be completed over a period of 12 month. The order intake reflects the company's commitment to exploring and penetrating new markets and new customers abroad.

Our recent acquisition of factory at MIDC, Ambarnath, I would like to inform that the handover of the unit will be completed by end of November. The commencement of manufacturing activities and ramp up is underway. As far as M.E. Energy factory at Pune is concerned, the first phase of expansion is at an advanced stage and we expect it to complete by December end. The fourth point is on Monga Strayfield. The proposed acquisition is currently going through due diligence and we expect it to get completed by December end.

These were the latest updates. I would like to now briefly update you on the quarterly results, which are already in the public domain. KEL results on a standalone basis for the quarter two is as follows. The revenue from operations stood at ₹78.24 crores with an operating EBITDA of ₹20.35 crores, which translates to approximately 26% EBITDA margin. This is higher than the last quarter as well as the corresponding quarter of last financial year.

At the consolidated level, which includes M.E. Energy, the revenues stand at ₹103 crores with an operating EBITDA of ₹23.11 crores at 22.28%. The closing order book on the 30th September for Kilburn and M.E. Energy stood at approximately ₹299 crores and ₹55 crores respectively, which at the group level is around ₹354 crores and a well-diversified one. Furthermore, we have had order intake in the current quarter till date, which is approximately ₹130 crores.

So based on the backlog and the recent orders, we are confident of executing a higher turnover in the second half of the year. In addition, we continue to aggressively pursue a strong enquiry pipeline at group level, which is around ₹2,000 crores plus. At group level, we still continue to target an aggregate order intake of ₹500 crores plus for the current financial year. With the current pace of execution and the orders in hand we are confident of achieving ₹500 crores revenue for the current year at the group level. On the profitability front, we continue our target of 20% plus and we are sure of achieving it.

Vinay with this, I would like to hand it over to you.

Question-and-Answer Session

Vinay Pandit:

Sure. Thank you, Mr. Lala. All those who wish to ask a question may use the option of raise hand. In case unable to do that, put your questions in the chat box or put your request in the chat box and we'll invite you. We will take the first question from Agastya Dave. Agastya, you can go ahead.

Agastya Dave:

Good morning everyone. Thank you, Vinay bhai. Congratulations. Absolutely fantastic performance. A lot of industries are slowing down, but your performance keeps on surprising both on the revenue side as well as on the margin side. So really congratulations and thank you very much for your hard work.

I have a lot of questions so I'll go one by one. So first one is on the margin. Again you have posted about 25% plus margins. So how sustainable are these? There has been a substantial correction in several commodities. So are these margins coming because of those corrections? Or have we yet to see the benefits flowing through our P&L? Or is it completely different, something completely different? What is leading to these sustained 25% plus margins?

Ranjit Lala:

Well, I would like to say that we continue to have confidence at around 20% or so. Okay. I'll come to why the margins may have been higher all this time, but at a group level we maintain our target of 20% plus. Now it all depends on the combination of orders that we are executing. That's point number one. Secondly, we have also mentioned time and again that we have scaled up our operations substantially and scaling up always kind of gives you those extra additions to the bottom line.

Another factor that has also contributed is that we negotiate well at a group level for our raw materials and all those things. So these small, small contributing factors are the ones which have given us better margins. I cannot say confidently that we'll maintain 25% going forward. That's why we are giving a guiding figure of around 20% or so.

Agastya Dave:

Great. Coming to the orders in the mix of orders, this rock phosphate produces order, the Moroccan one.

Ranjit Lala:

Yeah.

Agastya Dave:

As far as I know, I could be wrong, but this should be your single largest ever order, ₹126 crores.

Ranjit Lala:

Yes.

Agastya Dave:

So is this an example of things to come? Are we now moving to such large like ₹100 crore plus orders? And what does this do to your margins going forward?

Ranjit Lala:

Well, I will say that we continue to look at both small and large orders. We look at orders in the range of ₹5 crores to ₹10 crores as well. But at the same time we are targeting the large orders, which are more project centric, okay. Last quarter, we had got a big order from Birla Carbon, two orders, one for India and one for Thailand. Prior to that also we had got a few big orders. So it's a combination of both.

We will keep looking at all the possibilities, all the opportunities in the market. We are very aggressive on that, okay. As far as this particular Moroccan order is concerned, it gives us a very strong footprint globally now. I mean this is, maybe four years back, ₹126 crores was the turnover of the company. Today it's one single order. So we will be looking at these. And definitely time and again I've mentioned that we are looking at export market. We are looking at just the larger projects. This will continue.

Agastya Dave:

Great, one last question. The Monga Strayfield acquisition, when the disclosure came out, it seemed like a very sweet deal. So can you take us through a little bit more detail if you can? I know the deal is still not done, but can you take us through the capabilities and the capacity of this company? So as per your disclosures, they did ₹72 crores last year, ₹72.9 crores, ₹73 crores. So what was the capacity utilisation and their margins? The PAT number is very impressive.

So, again, it seems like on the higher side compared to even our numbers. So what exactly are they doing? And how do you see the synergies turning out to be in post this acquisition for the entire group? And are there any new capabilities that this particular company or this particular asset add to you? Finally, again, related to Monga, what about their team? How many people are joining you? Are there any key individuals, which are not joining you? So if you can give a proper picture there, a more detailed commentary here.

Ranjit Lala:

Right, so I will partially answer your question and then maybe I will request Mr. Khaitan to come in. So as far as Monga Strayfield is concerned, they have been global leaders in drying and heating solutions using the RF, or the radio frequency technology. Their biggest application is in the textiles, yarn drying and then food and spices and the baking industry. And typical applications are temporally refrosting, yeah. And apart from where we are present, they also have a possibility of applications in ceramics, foam, latex industry, fibreglass, packaging boards, leather, cellulose, wood, et cetera. So from that perspective, we have more verticals coming under the group.

So this is how we are looking at expanding our market. A lot of R&D is consistently being done in that company to find more and more applications. So this is where we see our market to be growing. Well, they have three factories in Pune. One of them is into sheet metal fabrication, which is more for the export market. They also have a

setup in UK, which will probably help us in exploring the European market for their products as well as for all the products under the group. So we will see how to leverage the presence in UK. So this is as far as the group is concerned. Okay.

Now how many of the members would continue to work with us? I would request Mr. Khaitan to comment on that. Mr. Amritanshu Khaitan?

Amritanshu Khaitan: So basically on Monga Strayfield, it's a family run company by the Monga family. And they had various family members working in the company. The deal is structured in such a way that certain family members, especially the second generation, will continue to run the company and be part of the operating team. So they have a strong management team both for R&D, marketing, sales and manufacturing. So four family members of the Monga family will continue in the organisation, two at the first generation level and two in the second generation level.

So we think that them joining the Kilburn family will actually strengthen our overall management bandwidth. And the synergies which you are asking, I personally believe this is a type of drying solution which Kilburn did not have. So once the acquisition is complete, we will get the R&D teams of both companies to work and see where the Strayfield radio frequency dryers can add value to our set of customers because generally a lot of the Kilburn dryers brings the moisture down to 5% while the radio frequency dryer can actually bring it down to 1%.

So we will see at cost effective ways where their product can actually help our customer base as well. Not only that, they have a very strong setup for sheet metal fabrication. So that also will be looked at on how we can leverage that for our current order book or for our inquiries, which is there. But all this obviously will happen post the deal closing. I believe we should be closing the deal anywhere in the month of December. So the profitability of Monga Strayfield will start reflecting in our fourth quarter numbers both turnover and profitability.

Regarding the last year's turnover, they had some level of other income as well in it. But the way the business is running today, we believe they will have high margins. Over 20% EBITDA margins is something they will look at continuing. And once the acquisition is complete, we will work on scaling the operations, the way we have done in M.E. Energy. If you see M.E. Energy, first half has clocked a

₹50 crore turnover. The year before we acquired the full year turnover was ₹50 crores. So I personally think the way we have scaled up M.E. Energy we will be able to scale up Monga Strayfield as well. So that should add a good amount of EBITDA and top-line into Kilburn's turnover in the year FY26.

Agastya Dave: Excellent. Thank you very much for answering my question. So thank you Mr. Khaitan. Thank you, Mr. Lala. Again, looks like a very, very nice acquisition. All the best and congratulations once again for the great quarter. Thank you, Vinay bhai. I am done.

Ranjit Lala: Thank you.

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

Dinesh Kulkani: Thank you. Thanks for giving me the opportunity and really great set of numbers. My question is on the order book. Like say, as we mentioned, we have received this ₹126 crore order maybe this month, right, sometime in this month. So like what has been the outlook here? Because if we see the total -- during the third quarter, the order booked is ₹130 crores. So this ₹130 crores, does it include this ₹126 crore order or this is excluding that number?

Mr. Sachin Vijayakar: It includes. It includes this order.

Dinesh Kulkani: So the overall we're saying apart from this ₹126 crore, we just got orders worth ₹4 crores. Are we saying that in this quarter so far?

Ranjit Lala: Yes.

Dinesh Kulkani: Okay. So my other question is that have you seen any decline in the overall -- because we have seen some other companies also reporting not so great numbers. So overall activity has it declined in terms of overall, I would say, outlook and how is the things spanning out for you?

Ranjit Lala: Well, I just mentioned we are still sitting on a strong enquiry pipeline of ₹2000 crores plus, right. So that has not got diluted so far in last three quarters in spite of us booking orders. That's point number one. Point number two is I don't think you should start dissecting that ₹130 crores includes ₹126 crores. So only ₹4 crores what has been booked. That's not how the project business works. Yeah. I think what you

should see me saying is that we have managed to bag a very good order and we continue to focus on the smaller ones. Okay.

Now it's only a matter of time when the other orders closed. And definitely as and when the orders get closed, we keep you all updated. As of now, I am not seeing any decline in various activities. If there is something, probably we can speak about it in the next quarter.

Dinesh Kulkani:

Okay. But overall your outlook and whatever you are projecting right from the beginning, it seems on the same path, right, and there is no divergence we can see.

Amritanshu Khaitan:

If I can just add a point here. You see the global dryings market, global dryer market is close to \$2 billion to \$3 billion. Kilburn historically was more focused on the domestic market. With additional focus on exports, the overall market opportunity is very large. So we will continue to focus on expanding our enquiry pipeline base. And because we are present in a very diverse set of industries, you will always find that the ratio of order from various industries will keep changing. Last two years, we had a very strong inflow from carbon black. Carbon black will continue to be a strong sector for us. But now with the order coming in from Morocco, you will find that the fertiliser segment is going to take up a large share as well. And we expect large orders to come in from the nuclear sector, from the chemical sector. These are sectors which were quiet for the last two years. There is a lot of activity which has now started in these industries for the next three or four year CapEx plan. So you will find some other sectors which will also add significant order booking in the next 12 months.

Dinesh Kulkani:

Okay. That's really great. One more. See like we are giving really good projections for this financial year. Any update or guidance on the next financial like FY26? Are we looking at -- because once we have all the consolidations of the new acquisitions, there will be maybe looking at a much bigger number? Yeah.

Amritanshu Khaitan:

If you look at the consolidation of M.E. Energy and Monga Strayfield, both these together will definitely add over ₹200 crores of revenue in FY26 and Kilburn should continue to look at growing at 25%, 30% CAGR. So all that put together I think we are going to target a ₹700 crore kind of number for FY26.

- Dinesh Kulkani:** Okay. And my final question, how about the CapEx for the next spanning out for the next two, three years including this financial year?
- Ranjit Lala:** CapEx, we have recently acquired a factory in Ambarnath. So that's what we have invested ₹22 crores. We will continue to invest in expansion of M.E. Energy at Pune. Phase one would get completed by December end. And then we look at phase two. The total CapEx should be in the range of ₹10 crores to ₹12 crores. Monga Strayfield, we don't have numbers as of now. We will look into it once the acquisition is complete. So this is how it stands as on date.
- Dinesh Kulkani:** Okay. And the new Ambarnath facility, has it already started producing or just where are we in that?
- Ranjit Lala:** Yeah. So the acquisition or rather the handover of the factory would get completed in the current month, right, anytime next week or so and we have started shifting in. We have started moving in and slowly ramping up the operations over there.
- Dinesh Kulkani:** Okay. Is there any further possibility of capacity expansion in that unit or like what is the structure right there now? What is happening?
- Ranjit Lala:** There's no place over there and there is no further expansion possible over there. I mean there is no land around it where we can construct more bays.
- Dinesh Kulkani:** Okay. That's great. Thank you very much and all the best.
- Moderator:** Thanks Dinesh. We'll take the next question from Manoj Jethva. Manoj, you can unmute and go please.
- Manoj Jethva:** Good morning to all at the Kilburn and thanks for the opportunity and thank you for the good set of numbers, which Kilburn has posted. My question would be regarding the ₹2000 crore enquiry and how much time does it take to get converted into a positive order book? Appreciate to have some views about that that of the management.
- Ranjit Lala:** So any enquiry pipeline can take anything from three to four months, right, up to 12 months in conversion. So if you look at what we have recently bagged from Morocco, we would have started working on it around seven to eight months back, right. There are many such projects or inquiries we are working on and they probably might get

converted over the next quarter or maybe next six months. It varies from project to project.

Manoj Jethva:

My second question is regarding the synergies which acquisition of M.E. Energy and Monga Strayfield or the Ambernath factory which we are having it in the cost wise, revenue wise, order book wise to what significant benefits it brings to the Kilburn? Could you please share me any vision for the next couple of years, maybe say three years, four years down the line? How do we envisage or see the Kilburn as a whole?

Ranjit Lala:

Right. So first let me talk about Monga Strayfield and then I'll come to M.E. Energy. See as far as Monga Strayfield is concerned, the whole rationale of acquiring that company was to have a new vertical in our drying solutions portfolio. As I mentioned that they have a strong presence in textiles and food industry, tempering and defrosting, ceramics, foam, leather, these are places where we have not been present, yeah, and also, it's a different technology from what we have. So from that perspective we are looking at additional products or solutions under the umbrella.

As far as M.E. Energy is concerned, in the past also we have mentioned that M.E. Energy -- Kilburn has drying solutions, which kind of consume the heat and M.E. Energy is into extraction of heat, so the two are complementary in nature. Plus we have a common customer base of around 40% to 50% and we wanted to address this customer base with a much bigger portfolio of products and solutions. That's how we came together. Furthermore, we would like to leverage each other's customers for the remaining products. So that's how we are going forward. About the Numbers, I think, Mr. Khaitan already mentioned that we are targeting around ₹700 crores to ₹750 crores in the coming years, next one to two years. So that's how we look at business growing.

Manoj Jethva:

My third question is regarding the product management and regarding two specific industries, nuclear or let's say chemicals, and -- because there are huge CapEx going on right now in India per se. So how much business we can expect from India? Because currently our Indian government is harping more on Make in India, Aatmanirbhar Bharat and all that. So do we see the huge synergies in those areas right now?

Ranjit Lala:

So the Government of India has been harping on Make in India for a while now. And where Kilburn stands today is one of the -- I would

say that Kilburn is a beneficiary of the whole Make in India process. Okay. That's one. We will continue to see where we can offer our products whether it is the nuclear power or whether it is any other set up, that will continue. So I expect the growth to keep pace.

Manoj Jethva: So my last question is regarding the losses, which could be set off against the future profit. How much loss we are carrying right now in our books accounts right now?

Sachin Vijayakar: All the tax losses have been wiped off. Next quarter onwards we will pay our taxed income.

Manoj Jethva: Okay. Okay. Thank you. All the best in your future. That's all from my side.

Moderator: Thanks, Manoj. We'll take the next question from Parkash Shandilya. Parkash, you can go ahead please.

Parkash Shandilya: Very good morning. Thanks for giving me the opportunity. Congratulations for posting on a good set of number. My question is from revenue guidance. You have guided for ₹700 crores for FY26 after acquisition completion of M.E. and Monga. Can you quantify after acquisition of Ambernath, what will be the revenue guidance for next financial year?

Ranjit Lala: We have already accounted for that. Ambernath facility by itself is in a position to generate revenue of ₹100 crores. This is what we have mentioned in the previous course as well. Yeah. So whatever we are talking about ₹700 crores to ₹750 crores, next year it includes all our acquisitions and the new facility as well.

Parkash Shandilya: My next follow-up question is, what will be the blended EBITDA margin?

Ranjit Lala: We will still maintain 20% plus at group level.

Parkash Shandilya: My second question is regarding is company is planning for further acquisition in nearest future?

Ranjit Lala: We will keep you posted on that.

Parkash Shandilya: Okay. That's it for my side. Best of luck for future endeavour.

Ranjit Lala: Thank you.

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

Sagar Shah: Good morning, and good morning to the entire team of Kilburn Engineering. Hope everybody is doing well at the team. Now, my first question was regarding to the execution on M.E. Energy actually on part of M.E. Energy and this quarter again the order inflow was very strong. But if you compare the H1 numbers, looks like being M.E. Energy on the longer side of the gestation period, looks like the major part of the revenue could be booked in H2. So can we expect M.E. Energy to post higher growth actually in H2 as compared to H1? And can you highlight the kind of nature of orders that M.E. Energy actually has got in this quarter?

Amritanshu Khaitan: Yes, Vijay is on the call.

Ranjit Lala: Yeah.

Amritanshu Khaitan: But just to give an idea, last year M.E. Energy's turnover was around ₹70 crores approximately and they have done ₹50 crores in the first half. So the execution level is already at a higher level. Mr. Kartha can maybe highlight what type of order inquiries are there and what is the outlook for M.E. Energy.

K. Vijaysankar Kartha: Good morning everybody. Yeah. At M.E. Energy we have -- if you see, I think we have reached almost close to the last full year's turnover in the midway of this year itself. So we are looking at almost doubling our turnover this year after this merger. This year we must be close to ₹125 crores, ₹130 crores of turnover this year. So this is a major jump for M.E. Energy. As far as the new business is concerned, we are working on getting into the cement industry. We have already received one rather medium sized order or a small medium range order from one of the cement factories already. And once we really get into the cement business, numbers are likely to be much, much higher. This is one major change that is happening.

Second is a few orders for medium size waste heat based power plants are being bid for. Though we have done it in the past this is going to be much more in numbers as we go along. We have already booked one medium sized waste heat based power plant this year and probably a couple of more are in the offering. So our reach into the market is going up and our reach to the boardrooms are going up because of the alignment with M.E. Energy. And the things are going

to be much better as we go along and move into the market deeper and into more industries. Thank you.

Sagar Shah: Yeah, sure. So by next year definitely with the phase one being completed in December and the phase two being completed in March 25. So going forward next year, are you confident that we'll be able to secure larger projects and at least doubling of top line in FY26 apart of M.E Energy?

Amritanshu Khaitan: We are not giving standalone entity guidance. We have highlighted that the company as a group is looking at certain turnover. Mr. Kartha is working on the CapEx plan which will allow higher capacity and obviously this will allow us to take larger jobs. As stated in earlier calls, the aim for M.E. Energy is to enter the waste heat recovery boiler market for cement, which is a ₹5,000 crore industry annually and it's controlled by two, three players. So we believe we will enter that segment. When will we break into it? When will we get the large order? Time will tell. But just now it's the foundation being set for M.E. Energy to grow in the waste heat recovery market at a larger scale. They've been doing a lot of medium and smaller sized boilers. But we are working on getting them ready to execute larger size projects. The way Kilburn today is doing larger sized projects as compared to what Kilburn was doing three years ago.

Sagar Shah: Sure. My second question was related to the recent acquisition of Ambernath plant. Now with this ₹126 crore order of four rotary dryer packages, now with the new Ambernath plant as well as the Kilburn plant, so this entire order will be executed in H1 of FY26 itself.

Amritanshu Khaitan: This order has a timeline of 12 months to 15 months for execution.

Sagar Shah: Okay.

Amritanshu Khaitan: The Ambernath plant is more like an extension of the Kilburn plant. So the management will take a call which dryer they'll make where. That's not important whether it's made in Ambernath or in the Kilburn plant.

Sagar Shah: Okay, okay. So but by H2 we can at least get the order executed, the large order at least?

Amritanshu Khaitan: As we said, it's a 12 to 15 month cycle to deliver these orders.

Sagar Shah: Okay. Sure.

- Amritanshu Khaitan:** So by the end of FY26 this order will be executed.
- Sagar Shah:** Sure. Got your point. Now my last question was related to your recent fundraising. You raised around ₹280 crores. Obviously, some part of the money will be accounted by next year actually when the allotment takes place. Now out of that almost ₹123 crores has gone into or ₹100 crores has gone into Monga Strayfield. Now, I think, so you must be having a decent cash balance by next year actually and some sort of 5% dilution also. So are we eyeing by next a higher acquisition or bigger acquisition actually? And if yes, have you evaluated some plans?
- Amritanshu Khaitan:** Sagar, as and when anything materialises, we'll inform the shareholders regarding acquisitions or opportunities. That is something the company is always on the lookout for how to grow both organically and inorganically. So time will tell. If something add and when anything material develops, we will inform the shareholders.
- Sagar Shah:** Okay, sure. So my just last update actually, sorry if I missed. The phase two of CapEx of M.E. Energy will be completed by March 25, right?
- Amritanshu Khaitan:** That's correct.
- Sagar Shah:** Okay, sure. Thank you so much. All the best for your future.
- Ranjit Lala:** Thank you.
- Moderator:** Thanks, Sagar. We'll take next question from Mr. Mahesh Attal in line from the chat. Mr. Mahesh, you can just unmute and ask your question please.
- Mahesh Attal:** Yeah. So my first question would be when M.E. Energy, last year we have done decent turnover there and this year as Mr. Kartha was saying that we could close at 120 or 125. What could be the margins there in M.E. Energy? If you could please throw some light on the margin profile of M.E. Energy at that particular turnover and all?
- Ranjit Lala:** Well, Mr. Khaitan, let me just answer that. Yeah, so I would say that we talk about margins at the group level, yeah, which we are maintaining at 20% plus, yeah. And definitely as the operations scale up in M.E. Energy there will definitely be higher margins, but we

don't speak about it as of now. As of now we would maintain 20% plus at the group level.

Mahesh Attal: So is it fair to assume that when the ramp up of this phase two will happen, we could see some margin profiling going up at group level also because of that?

Ranjit Lala: Well, it's on our wish list for sure.

Mahesh Attal: And I just wanted to have some view on this carbon black market as of now. So how as a company will look at this carbon black thing? Because now there is a lot of change like earlier, they used to have this and now they have completely shifted. One of the larger players have also given you a contract. So how exactly do you see that space coming up? And do you see a similar line of growth there going forward?

Ranjit Lala: Yeah, I mean, when you look at carbon black market for the next, I would say six to eight years, we expect a growth of around 7 to 8% in the industry. So if that translates into any CapEx that should benefit us.

Mahesh Attal: Are we in talks with all the players of carbon black in the country currently or are we dealing only with the...

Ranjit Lala: No, no, we are in talk with all the players,

Amritanshu Khaitan: And also you must remember that there's a lot of replacement demand also coming up. So apart from the growth and the CapEx for Greenfield, they are the continuous demand for replacement dryers which also come from across the globe in the carbon black space. So carbon black will continue to bring business to Kilburn on a regular basis.

Mahesh Attal: What could be a life of a dryer, if you could just tell me that? Suppose someone buys today, when will he replace that dryer generally?

Ranjit Lala: Well, it depends on type of the operations and how continuous the use is. It can be anything between seven to eight years to right up to 15 years.

Mahesh Attal: And do you see in this CapEx cycle lot of -- because the private CapEx, if it comes on role, you could see a lot of orders coming to you because of this particular thing?

- Ranjit Lala:** Well, we are number one player, so we expect the orders to come to us. And that is true not only for carbon black. We are number one in soda ash. We have a good market size in petrochemicals. So wherever we see the business growing, definitely Kilburn will be the beneficiary.
- Mahesh Attal:** All right. Thank you. All the best.
- Ranjit Lala:** Thank you.
- Moderator:** Thanks, Mahesh. We'll take one question from chat, which is from Soumya S. With respect to the nuclear sector, what visibility does the company have on small modular reactor? And how big do we think this segment can be overall?
- Amritanshu Khaitan:** If I can address that, this is something which is common news that the government is allowing private public partnership with NPCL. So as and when that develops and we get to know of companies announcing nuclear projects, then only we can quantify. But I personally believe that next five years should see a decent amount of inquiries coming from this.
- Moderator:** Thank you. We'll take the next question from Aayush Rathi. Aayush, you can go ahead, please.
- Aayush Rathi:** Thanks for taking my question. First of all, congratulations to the Kilburn team for posting such a good set of numbers. And next up, I wanted to understand on the big order of ₹126 crore. It's really credible that Kilburn has got such a big order and it obviously highlights Kilburn's expertise in the dryer market. So just wanted to understand how much time does it take to develop new customers?
- Ranjit Lala:** Well, developing new customers is actually a constant process for us. And it can take anything between six to eight months or even 12 months depending on the project size. As I mentioned about this project in Morocco, this took us around a few months, maybe around four to six months from the time we started our discussions. And it is also not just submitting your offers or something like that. The customers, they actually came down and they did the assessment of the factory. They visited our end customer where we had a similar installation. So a lot of work was done. And all this takes time. Once all this is in place, then it's a matter of just a couple of months that the contracts are signed. So anything between six to eight months, 12

months takes for these large projects. For the smaller ones, as I mentioned, it could be three to four months. It depends on the project.

Aayush Rathi: Got it. The next question was on like one of the remarks which Mr. Khaitan mentioned that the global market is somewhere around \$2 billion to \$3 billion for the drier space. So just wanted to understand on the export front, do we garner better margins?

Ranjit Lala: Well not necessarily, not always because at the end of the day on the international business as well you have competition from different countries, from different players. So I would not say that the margins are always -- again depends on case to case.

Aayush Rathi: All right, got it. Some bit on financial FY25 we have guided ₹500 crores with a margin of 20% and FY26 ₹700 crores to ₹750 crores with a margin of 20%. So for that ₹700 crore do we need to do any more CapEx or we can deal that top-line from the existing facilities and the acquisition as well?

Ranjit Lala: Well, I would say that right now we focus on current FY of ₹500 crores revenue about ₹700 crores plus for next year? Definitely, maybe in the next quarter we will...

Aayush Rathi: Okay. And lastly on the titanium order front, I believe that we can garner 4x more on the realisation front from the titanium based business. So do we have any more orders or any lead on that side? And if you can update also on the earlier orders which you had mentioned that which got delayed. Any update on that?

Ranjit Lala: Yeah, so there are two questions primarily. So for titanium centric orders, we were already working on a few opportunities and that will continue to work. So as and when we get some orders, we will keep you posted. On the orders where there was a hold, yeah, we have already started discussions on -- what the customer needs from us because a lot of inputs are coming from them as well. And we expect that by March end that project should be complete.

Aayush Rathi: Got it. That's all from my side and all the best.

Moderator: Thanks, Aayush. We'll take the next question from Raj Sarraf. Raj, you can go ahead please.

Raj Sarraf: We have a history of overachieving our margin guidance. Right now you are doing close to 26% and you are sticking with 20% going

forward. More than 600 bps reduction from present state though this was very conservative guidance, but that also create sometimes an uncertainty in investors mind. So how to read that?

Amritanshu Khaitan: Raj, I think the guidance of 20% is at a group level. If you see the first half, we've done 22%. So what we are seeing is consolidated we will maintain 20%. So Kilburn might be a bit higher. M.E. will be maybe a little lower. So we are maintaining 20%. Whether it is 20% or 22% or 21% or 23% that is something quarter after quarter and our project business is very difficult to predict. But we are confident of achieving consolidated 20% which today we are at 22%.

Raj Sarraf: Okay. So consolidate, we are 22% and we are guiding for 20% consolidated.

Amritanshu Khaitan: 20% plus.

Ranjit Lala: 20% plus, yeah, Sarraf.

Raj Sarraf: 20% plus. And though you said that we will definitely cross ₹500 crores this year and ₹700 crores next year. So that was the guidance you give of when Kilburn and M.E. is there, Monga was not there. So that time Ambernath acquisition was not in picture. So now having that also in our bag, can you quantify how much we can see the upside any tentatively...

Amritanshu Khaitan: I think there's a little bit of confusion in your mind. We had guided for ₹500 crores with M.E. Energy. We are still saying we are going to do ₹500 crores plus. Monga Strayfield only one quarter will get added in this year. When people have asked about next year, obviously the Monga Strayfield turnover will get added to Kilburn. So automatically the number jumps. And that's why we are looking at a ₹700 crore, but it is something which we will be much more comfortable talking in the fourth quarter once we know what is the pending order book, which is our opening order book for next year. We will be able to give a more concrete figure.

Raj Sarraf: What could be the Monga's annual revenue run rate?

Amritanshu Khaitan: Around ₹70 crores, ₹80 crores.

Raj Sarraf: So close to ₹15 crore, ₹20 crore will be occurring in Q4 maybe.

- Amritanshu Khaitan:** Again that is something once the results get -- once the acquisition is complete, we will be able to speak. But again it's not that every month is the same turnover. So depending on when the deal gets closed, we will be able to give a guidance in the following quarter.
- Raj Sarraf:** Are we looking to any acquisition -- though you said that you will notify, yes. So will this be from our internal accruals or we can see more equity raise?
- Amritanshu Khaitan:** You see as the company grows, we look at opportunities. As and when any opportunity fructifies, we will look at how to fund it. So these are things which only once anything material happens, we can discuss. Otherwise it is just here.
- Raj Sarraf:** Yeah, okay. Thank you. Thank you very much.
- Moderator:** Thanks, Raj. We'll take the next question from Samrat Shah. Samrat, you can go ahead please.
- Samrat Shah:** Thank you for giving me this opportunity. First of all I'd like to congratulate the entire team of Kilburn Engineering for posting ₹100 crore plus quarterly revenue, which in itself is a record for this quarter. Now I heard about the guidance and everything. I just wanted to know the risk associated in this particular business. How can things go wrong? This is my first question. And my second question is during the time of COVID, the company was not doing well and suddenly the turnaround happened. I wanted to know what exactly the team did to continuously keep giving such stellar performance or how have they turned around? It would be a learning lesson for us like a case of what exactly happened. Thank you. These are my two questions.
- Ranjit Lala:** So I'll answer on the risk part of it and then probably Mr. Khaitan can answer on what are the changes that have happened in the organisation, since COVID. On the risk part of it, I think the biggest challenge which I see is the geopolitical situation and that can impact the project business. So if the situation worsens in the Middle East and other parts of the world, then there can be some challenges. If there could be project that can impact the schedules of projects that can impact the commodity prices, yeah. But as far as our business is concerned, you will see that we have spread across 15 to 20 sectors. So I feel that there will be different levels of contribution from different sectors where we can cater to. So whether it is India or abroad, that will continue. So from that perspective we mitigate

ourselves, okay. So as of now, this is the only risk I see, the biggest risk, the geopolitical situation.

What has changed since COVID? I would request Mr. Khaitan to dwell more on it. Thank you.

Amritanshu Khaitan: So basically, if that's the whole journey of Kilburn post-COVID, we had brought in new management in the company at senior level. We've changed the whole strategy of getting business which is beyond just dryers, more like a solution provider to our customers. Our product offering has increased. We have added new industries into our stable like API where we got a large order from Granule, which is going to be executed in the next one year. So a lot of new product introduction into new sectors, systematic equity raise, repaying of debt, timely opportunities of acquisitions. So all this put together with a strong management team has led to gaining economies of scale, better profitability, and that has helped really scale the operations going forward.

Samrat Shah: Thank you. On a lighter note, I just would like to ask any other company that you're targeting. So we'll be there beforehand we'll have a look.

Amritanshu Khaitan: Yeah, on a lighter note, I can only say we hope to grow at a 20%, 30% CAGR at a combination of organic and inorganic. When any opportunity does come, we will again disclose it if something fructifies. But the management is always actively looking at how to grow the company and make it into a world-class manufacturing unit. Especially with the kind of support the government is giving and the kind of interest which is coming into India now, people want manufacturing to happen in India. We are having inquiries coming from Korea. We got the order from Morocco. So there is a lot of interest in people from the U.S., Korea. You name the geographies who are wanting manufacturing to happen in India. Now as and when things materialise, those positive benefits will come through.

Samrat Shah: Thank you. And all the best for your future endeavours.

Amritanshu Khaitan: Thank you.

Moderator: Thanks, Samrat. We will take the next question from Kartik Bhat. Kartik, you can unmute and go ahead, please.

- Kartik Bhat:** Yeah. Congratulations to the whole team for a great set of numbers. I'm sorry, how big is the market for radio frequency dryers? I'm sorry I missed it if you have mentioned in the opening remarks.
- Amritanshu Khaitan:** So radio frequency dryers as a segment the market size would be approximately ₹200 crores to ₹250 crores. But there are a lot of industries and sectors where this product can be tested or utilised. So I don't think it's the best way to look at this industry at the moment, this product, because in the end it's a dryer. With R&D they are testing to enter newer industries as well. So there could be higher potential going forward. It's a very niche market. There are only basically two players globally who are in it.
- Kartik Bhat:** Okay. And any colour on this? Is a fair proportion of revenue for Monga Strayfield coming from exports currently?
- Amritanshu Khaitan:** Yes, they have I think 30%, 40% of the revenue, which comes from export.
- Kartik Bhat:** Okay. So in that sense it makes -- it will give us stronger foothold in the export market. Okay. And currently, how big -- I mean what percentage of our revenue comes from Food and FMCG and all you mentioned some key clients and all. So there again I believe Monga has a stronger presence...
- Amritanshu Khaitan:** Food and FMCG is relatively low for Kilburn. We get orders in M.E. Energy from Britannia for their baking line of biscuits and Monga Strayfield also is -- into looking at the food sector. So these are sectors which should add business going forward.
- Kartik Bhat:** Okay. Okay. And out of this total enquiry pipeline is a decent proportion also coming from oil and gas and petrochemical, the enquiry pipeline that you mentioned?
- Ranjit Lala:** Yes.
- Amritanshu Khaitan:** Ranjit?
- Ranjit Lala:** Oil and gas, petrochemicals, both these are also contributing to our enquiry pipeline. We have a few inquiries for offshore platforms. We're working on that and same as for petrochemicals. Okay.
- Kartik Bhat:** Okay. Okay. Thank you so much. And all the best for the coming quarter.

Moderator: Thanks, Karthik. So this was the last. Okay, so we have one more question from Dinesh Kulkani. Dinesh, you can go ahead, please.

Dinesh Kulkani: Yes, thank you for giving me another opportunity. So my question is like twofold here. Say we are getting large orders from export. So what is the strategy here to get this kind of orders? Like are we approaching the customers or the customers come up with some tenders and because I'm sure there will be some Chinese players also definitely looking for in this opportunity, right? So how does this process actually work?

Ranjit Lala: Definitely we are looking out for customers. We are keeping track of projects that are getting executed globally. Yeah. So from that perspective, we do approach them and we try to get ourselves qualified by the end user, yeah. As far as customers approaching us, for sure that also happens because we enjoy that brand value in the market. We have very good insulation. So it's a combination of both. As far as competition is concerned, well, this Moroccan order, I would say that whilst it was a very -- it was not an open tender, it was a closely held tender. But definitely there was competition from China also. But technically we were qualified as T1. I think that should answer your question how we have placed.

Dinesh Kulkani: Yeah, and just a small query here. You mentioned that RF, or radio frequency, there are not many competitors there, right. Can you just name the other player who's our competitor?

Ranjit Lala: Mr. Khaitan, do you recall the names? I'm sorry I'm unable to recall the names.

Amritanshu Khaitan: They name it a company called Stalin in Italy.

Dinesh Kulkani: Sorry, can you just?

Amritanshu Khaitan: Stalin.

Dinesh Kulkani: Stalin, okay.

Amritanshu Khaitan: Stalin, if I am not mistaken. It's an Italian company.

Ranjit Lala: Italian company.

- Dinesh Kulkani:** Okay. And one last question from my end. See, we are currently having -- just giving information based on the company like M.E. Energy, Kilburn and all that. In the next few years are you looking to reorganise and restructure based on either the product lines or based on the segment or so that because definitely there will be some, yeah.
- Amritanshu Khaitan:** It's very forward-looking. It's something the board would take a call on if there's any restructuring. As of now, Kilburn is the main entity. It will have two subsidiaries, Monga Strayfield and M.E. Energy. And our focus will be to leverage our strengths together and grow all these companies.
- Dinesh Kulkani:** Okay. That sounds great. Thank you very much and all the best.
- Moderator:** Thanks, Dinesh. So this was the last question for the day. I now hand over the call back to Vinay Sir.
- Vinay Pandit:** Thank you. Thank you to all the participants. Would the management like to give any closing comment for the call? Ranjit ji?
- Ranjit Lala:** Yeah. So I would like to first of all thank all of you for your time. And once again I would like to say that we will continue to -- rather we will endeavour to keep our performance the way it is and definitely we are having a more and more aggressive approach towards the market. Anything from Mr. Khaitan, would you like to say something?
- Amritanshu Khaitan:** As you mentioned, I think this has been a milestone year for Kilburn. We've completed one acquisition. We are in the process of closing the Ambernath acquisition this week. Our fundraise also should be completed in the current week, in the next one week, which will recapitalise the company and also enable us to close the Monga Strayfield transaction. So I'm very grateful to all the investors, who have supported the company through its journey and we will continue to endeavour to work on creating shareholder value and hopefully grow the company to a larger scale in the coming years.
- Ranjit Lala:** Sure.
- Vinay Pandit:** Thank you. Thank you to the management for giving us the valuable time and thank you to all the participants for joining on the call. This brings us to the end of today's conference call. Thank you so much.
- Ranjit Lala:** Thank you, Vinay.

Amritanshu Khaitan: Thank you.

K. Vijaysankar Kartha: Thank you.