



KILBURN ENGINEERING LTD.

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13th August, 2024

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

To,
The Secretary
The Calcutta Stock Exchange Ltd.,
7, Lyons Range,
Kolkata – 700 001
Scrip Code: CSE 21022

Sub : Transcript of earnings conference call on the unaudited Financial Results for the quarter ended 30th June, 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 9th August, 2024 to discuss the unaudited financial results of the Company for the quarter ended 30th June, 2024.

For **Kilburn Engineering Limited**

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

Encl : as above



KILBURN ENGINEERING LIMITED

Q1FY25

POST EARNINGS CONFERENCE CALL

August 9, 2024 02:30 PM IST

Management Team

Mr. Ranjit Lala, Managing Director

Mr. Anil Karnad, Whole Time Director

Mr. Sachin Vijayakar, Chief Financial Officer

Mr. K Vijaysanker Kartha, MD, M.E. Energy Pvt Ltd

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q1 FY'25 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. Vijaysankar Kartha, MD, M.E Energy Pvt Ltd 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. And also a reminder that this call is being recorded. I would now request the management to detail us about the business and performance highlights for the quarter that went by, their plans and vision for the coming year post which we will open the floor for Q&A. Over to you.

Ranjit Lala:

Thank you, Vinay. Good afternoon, everybody. On behalf of Kilburn Engineering Limited, I welcome you all to quarter one earnings call. At the outset, we are pleased to inform you that the company has started the financial year on a strong operational note. For the benefit of those who are attending the call for the first time, let me provide a short brief on our company. Kilburn has been in the business for four decades with deep focus on engineering and manufacturing of customised process equipment, industrial drying solutions, and packages like rotary dryers, calciners, paddle dryers, fluid bed dryers, amongst other industrial drying processes.

Our flagship products include tea dryers and withering systems. Our subsidiary, M.E. Energy based at Pune specialises in heat recovery and heat reutilisation systems designed to deliver energy saving and energy efficiency solutions. M.E. Energy portfolio consists of waste heat recovery units, thermal oil systems, heat exchangers, and thermal engineering solutions. As a group, we cater to a spectrum of customers across several industries like soda ash, carbon black, speciality chemicals, oil and gas, cement, thermal power plants, food and beverages, metals recovery, waste to energy, and automobile industries.

Since the product portfolio of both the companies are well augmented, together we leverage ourselves very well across most of the customers. As a part of our growth strategy, we have recently executed a term sheet for the acquisition of an existing factory in MIDC Ambarnath. This additional manufacturing footprint is

strategically entailed into our existing strong order book and visible pipeline and inquiries. The proximity of this unit to our existing facility also allows us to synergise our existing resources. The proposed acquisition is spread over 5,000 square meters with two bays for heavy fabrication and necessary material handling equipment. Let me now appraise you on the results and the outlook in the coming quarters.

Kilburn Engineering Limited results on standalone basis are as follows. Revenue from operations stood at ₹63.81 crores for Q1 and EBITDA of 25.8% and PAT of 16.78%. At a consolidated level, the revenues were ₹85.48 crores with EBITDA of 21.59% and PAT of 13.55%. I would also like to mention here that two of our orders have been deferred by customers to end of Q2 and early Q3, which is in the range of ₹40 crores. This too impacted our revenues in Q1. Based on our order book backlog, as on 30th June at group level which stands at ₹370 crores. we are well diversified and robust on the same front.

In addition, our current inquiry pipeline at group level is in the range of ₹2,000 crores plus. Based on the current order book and visible inquiries, our revenues in coming quarters are expected to only grow. At group level, we continue to target an order intake of ₹500 crores for the year. We also continue to target a consolidated revenue of ₹500 crores in the current financial year at the group level. On the profitability front, which is 20% plus, we expect to sustain the same in the coming quarters.

Finally, I would like to mention that we continue to scout for new technologies and tie ups to increase our basket of solutions, which harmonise with the existing business. With this, I would now like to hand it over to Vinay.

Question-and-Answer Session

Moderator: Thank you, Mr. Lala. We'll now open the floor for Q&A. All those who wish to ask a question may use the option of raise hand. Anybody who has a problem with raise hand can drop us a message on chat, and we'll invite you to ask the question. We'll go first with Mr. Garvit Goyal. Garvit, you can go ahead, please.

Garvit Goyal: Good afternoon, sir. Congrats for a good set of numbers. In PPT, you mentioned about the CapEx for the plant is progressing well. So can you tell us the amount of CapEx being incurred, and what is the peak revenue we can make on that facility?

- Ranjit Lala:** Sachin, can you take that one? Where do we stand on the CapEx front?
- Sachin Vijayakar:** Just a minute. CapEx, we have gradually started. Initially, we will be incurring around ₹3 crores to ₹4 crores of CapEx for and then gradually, it will increase to around ₹10 crores over the period. This includes the foundation as well as new machinery and building of the shed.
- Garvit Goyal:** So it is going to be completed by October 24. So this is the ₹10 crore amount that is going to be, completed by October 24. Is that right?
- Ranjit Lala:** Well, Mr. Goyal, this ₹10 crore amount would be completed by December.
- Garvit Goyal:** Okay. By December, right? And what will be the asset turns?
- Ranjit Lala:** Sachin?
- Garvit Goyal:** Asset turnover?
- Sachin Vijayakar:** Turnover as we also projected for this year, at least we have a projected turnover of ₹500 crores together. So around ₹400 crores for Kilburn and around ₹100 crores for...
- Garvit Goyal:** I was asking for the asset turns on the new facility that is coming in, the new CapEx that you're incurring.
- Sachin Vijayakar:** So asset turn will be as of, it will help us in generating further revenues also. Present year, as I told you...
- Moderator:** Sachin, I think he's asking about the new facility that we bought. How much revenue we'll be able to generate from there?
- Ranjit Lala:** Okay. Then let me take that one. So the new facility which we have proposed.
- Sachin Vijayakar:** Okay. New facility, sorry I thought this...
- Ranjit Lala:** So the CapEx is in the range of ₹22 crores and we expect revenue of ₹100 crores.

- Garvit Goyal:** Understood, sir. Secondly, on the order book part, so we are currently having ₹370 CR, right?
- Ranjit Lala:** Right.
- Garvit Goyal:** So, looking at the quarter one, we did approximately ₹90 CR, so even if we execute this ₹370 CR order book in this year, and you are saying for rest of the year, we will get ₹500 CR revenue. So what is the visibility for next two to three years?
- Ranjit Lala:** Well, let me put it this way. The visibility of inquiry pipeline currently is ₹2,000 crores. Okay. Now we are already having ₹370 crores plus growth as order book, and we expect to have the order intake of ₹500 crores in this year. If this is the way it continues, we would expect that, this would be sustainable over next two, three years.
- Garvit Goyal:** Got it, sir. That's it for myself. I'll join the queue. Thank you.
- Moderator:** We'll take the next question from Varun Agarwal. Varun, you can go ahead, please.
- Varun Agarwal:** Thanks for the opportunity. Congratulations for the good order wins this quarter. So for this new facility which we are creating, we just spoke about ₹100 crore revenue potential from that. So when we get this plant ready to be eligible for a ₹100 crore revenue. Is that the maximum space available there, or, this is the initial CapEx we are talking about?
- Ranjit Lala:** Well, you mean revenue, ₹100 crores.
- Varun Agarwal:** Yeah. Is that the maximum capacity in terms of available there, or can it be further extended for next year?
- Ranjit Lala:** Well, I would say that this plant can generate ₹100 crores revenue. Typically, when a plant generates ₹100 crores revenue, there are always some ancillaries, some bought outs which go along with the equipment, which have to be sourced from other vendors. So there's a potential for higher end. I would put it that way.
- Varun Agarwal:** Yeah. In terms of space, will that become fully occupied, when we...
- Ranjit Lala:** Yes. It would be fully occupied.

- Varun Agarwal:** Okay. So we have to look for additional space for FY '26, then after that?
- Ranjit Lala:** At the right time.
- Varun Agarwal:** Okay. And another question was for Amritanshuji. From a longer term perspective, let's say five years down the line, not in terms of numbers, but just in terms of business, how do we see the company? Or would we diversify into newer products? Or what is our vision? I'm not talking about the numbers, just from a business perspective.
- Ranjit Lala:** Would you want me to answer that, or you want Mr. Kartha to go ahead?
- Varun Agarwal:** Anybody.
- Ranjit Lala:** So let me take that question. So as I've already mentioned, we have always been looking out for newer tie-ups, newer technologies. And I think, Varun you have been tracking Kilburn for quite some time now. And you can see that, every quarter or alternate quarter, we have something to share. First, M.E. Energy, then we have been talking about this new footprint, manufacturing footprint. And definitely, we are looking at tie-ups. We are in discussions, multiple discussions, but this is something which we will disclose at the right time. How much it generates into revenue or turnover in times to come, that we will also explore once we have got into tie-ups.
- Varun Agarwal:** Okay. Any specific industries which we are interested in?
- Ranjit Lala:** Yeah. So I would say that we would like to stick to the industries which augment well with our current portfolio, like both from the M.E. perspective and Kilburn perspective. So something that fits in well into both our portfolios, we will go ahead with that because that that offers us a good leverage over our customers.
- Varun Agarwal:** Understood. Okay. Thank you so much and all the best.
- Ranjit Lala:** Thank you, Varun.
- Moderator:** Thanks, Varun. We'll take the next question from Pradeep Rawat. Pradeep, you can go ahead, please.
- Pradeep Rawat:** Yeah. Good afternoon, and thank you for the opportunity. So I have couple of questions. So, we have an inquiry pipeline of ₹2,000 crore

plus. So my question is, how has this been and the pipeline has been two years ago?

Ranjit Lala: Well, two years ago, I would say we were looking at a pipeline of ₹600 crores to ₹1,000 crores. That's how we were looking at, and then it has gradually grown. And then last year, we spoke about ₹1,500 crores. And then now it stands at ₹2,000 crores. So this is something which we are continuously expanding and exploring how to increase our business.

Pradeep Rawat: And how long does an inquiry materialise into an order? So how long time it takes?

Ranjit Lala: Right, so it would depend on the type of equipment that we're offering to the customer. If it is an equipment like, tea dryers and withering systems, the total gestation of, turning inquiry to an order could be up to two months. If it is M.E. Energy, it could be anything between you know four to eight months, sometimes maybe four to six months. And the larger equipment that Kilburn is into, it can be anything between four months to even one year.

Pradeep Rawat: And what is the, like, conversion possibility? Like, in percentage terms, what is the probability of converting an inquiry into an order? Any idea?

Ranjit Lala: Yeah, sure. So I'll answer this in two parts. Okay? One part I would say is that we very closely work with our customers from the time of the inception of their ideas. So let's say if a company is setting up a carbon black plant, so we work with them from the level of drawing board. And, this would take typically, a year's time and we do it because we're quite sure of bagging those orders. So whilst the gestation period may be little on the higher side, but we are very confident and probability could be more than 90% that we get such orders.

At the same time, we're also scouting for new customers from time-to-time. And there, you can say that if our offering is very well in line with their requirements, the probability is high. Otherwise, it can be lower. And there are times when we have also lost some orders for not being able to meet all these specifications or their price points. So there are multiple reasons. So it's very difficult to give a single probability number to the whole business. But the idea is to work closely with the customers where we stand a good chance and keep exploring newer customers.

- Pradeep Rawat:** Yeah. Sure. Understood. And my other question is regarding our exports. So how much revenue do we, get from exports?
- Ranjit Lala:** It has been increasing. The exact number may I request, Sachin, if you can throw light on the number.
- Sachin Vijayakar:** Last year, we got around ₹36 crores of export, around ₹36 crores to ₹40 crores of export from our total revenue. And presently also, in our closing orders around ₹58 crores of orders are related to export.
- Pradeep Rawat:** Okay. Thank you very much. I'll join back the queue.
- Ranjit Lala:** Thank you.
- Moderator:** Thank you, Pradeep. We'll take the next question from Sagar Shah. Sagar, you can go ahead, please.
- Sagar Shah:** Thank you for the opportunity. First of all, hope all is fine in the entire Kilburn team actually. Now, my first question was related to our standalone business, actually. On the standalone business, we de-grew by almost 4%. And you said on the press release that it was primarily related to the order. Actually, one of the clients, actually, the order got you can say accumulated in the next quarters. So that is the reason, the order got delayed. So, basically, is there any other reason related to execution of the current orders actually that why didn't we grow on the standalone front? That was my, first question.
- And, obviously, your outlook also, your closing order book has been very, very strong in this quarter. Almost a ₹160 crore of inflow in this quarter. Almost since it has been highest in since many quarters. But, first of all, the outlook also. And secondly, is there any other reason that what went wrong in the standalone business?
- Ranjit Lala:** Right. So as I mentioned, there were two orders which were kind of deferred. Typically, if you look at the business cycle, quarter one is always a little lean period for most of the companies. So from that perspective, it was lean for us as well. But we would have crossed the numbers vis-a-vis the Q1 of last year, but for these two orders, okay. So it's not that these orders will not be executed. It's just that the delivery has been deferred, and we expect them in the next two quarters to be completed. So we might see a spike also in the coming quarter. So I think that should answer that part of your question, okay.

On the outlook front, our order book is very good. Our enquiry pipeline is very good. So from that perspective, we don't see a challenge. However, execution front, if there would have been any bottlenecks, it would be now taken care of by the acquisition of the new unit, which should be up and running in two to three months' time.

Sagar Shah: Okay. So the new unit, so as far as my understanding goes, so currently at this existing utilised plant, as you said, we rely on the new plant, which will come into operation around in the next two to three months. So currently, are we running at almost optimum 100% utilisation for our existing plant? So we can't, something like, do more production here. Is it like that one?

Ranjit Lala: No. It's not like that, okay. As I've always said in the past also with the current unit itself, we can easily achieve ₹450 to ₹500 crores. But this new plant will definitely enhance the revenues in the coming quarters. It'll make it much easier for the whole thing.

Sagar Shah: Okay. Sure. So I got your point. So, basically, we can expect a sequential recovery in the next two to three quarters as compared to this quarter on the consolidated?

Ranjit Lala: Definitely.

Sagar Shah: Okay. Sure. So now second is on the margins front. On the margins, the gross margins were quite healthy at around, at almost 43%. So, first of all, are these sustainable and that led to the EBITDA margin of almost on the standalone front. We are at almost 26% EBITDA. So this is, again a record high EBITDA, actually which we are clocking. So, first of all, are these sustainable? We are at 47% gross margin, 26% EBITDA, or is there a one-off in these numbers?

Ranjit Lala: So as I mentioned on the profitability front, which is in the range of 20%, plus we will sustain this in the coming quarters. As the economies of scale go up, definitely, this is sustainable, and we are very much on track.

Sagar Shah: Okay. Sure. Now my next question was related to, obviously, by our closing order book we can clearly define that, currently, the kind of orders that you're getting from especially from your carbon black clients. Your closing order book also consists of soda ash and even with petrochemical industry. But how has been the clients moved actually? Are the clients still wearing up the geopolitical tensions

outside or the India story still looks quite intact as far as CapEx is concerned, actually?

Ranjit Lala: Well, if you look at the order intake, that itself speaks volumes because the order intake in Q1 has been good. Well, when a quarter back, we were saying is elections impacting the business? Well, answer was not really. There were geopolitical tensions at that point of time also, but things have gone on well. As of now, it's on, but I think overall India show is well on track.

Sagar Shah: Okay. Sure Sir. So, my next question was related to actually, you right now highlighted that ₹100 crore is the kind of a target from the ₹22 crore factory that we have recently bought at Ambernath. So that relates to asset turnover of almost 5x. Now, basically, coming on to your M.E. Energy, M.E. Energy obviously, this has been a lean quarter and has always been actually, traditionally also.

So, for M.E. Energy, you are incurring a CapEx of around ₹20 crores. So excluding the Ambernath plant, if we include this existing Kalyan plant as well as the Pune plant, can we do a consolidated turnover of if including both around the ₹600 crore to ₹650 crore alone by these two factories?

Ranjit Lala: Well, I can first, let me speak about Kilburn. I think in Kilburn, we can definitely touch ₹400 crores on a standalone basis. And the target is that Pune, we should be able to even cross ₹100 crore, ₹120 crore, maybe ₹150 crore as well. So even, I mean, even arithmetically, if you go, so it should be in the range of ₹550 crores. But if you're trying to then say that, okay, then are we going to reach ₹650 crores to the third factory? I would say, as of now, no. Everything takes time to streamline.

M.E. Energy also, we have just started expanding the base. So that would take, let's say six months to stabilise. Similarly, Ambernath factory would take three months to kind of acquire and another couple of months till we stabilise all the operations. So if you're talking about the current year, I would just stick to ₹500 crores. And maybe next year, definitely, we are looking at higher numbers. And that is something which we will apprise you from time-to-time.

Sagar Shah: Okay. So why I was asking actually that, because of the CapEx that you're doing of...

Amritanshu Khaitan: If I can just intervene here.

Sagar Shah: Sure.

Amritanshu Khaitan: I think what you're trying to understand is the theoretical capacity of the three plants now put together. See the CapEx which is being done is the ₹22 crores is for the Ambernath project. In M.E. Energy, the management is planning to spend about ₹5 crores to ₹10 crores over next 12 months. That will augment the capacity of M.E. Energy to easily scale up to about ₹200 crores, provided we get the right mix of orders. And the Kilburn plant in Saravali can do between ₹400 crores to ₹500 crores. Again, it depends on the order mix, because here in Kilburn, you're getting orders which are solution providers.

Now there could be sometimes you get an order which is only a dryer. There can be time when it is dryer plus a lot of bought outs and other accessories. So the same plant can actually generate a much higher turnover for the company depending on the type of order we get. But now with the Ambernath acquisition, M.E. Energy, and whatever CapEx, which has been planned in Kilburn, the company with the right product mix can scale up to ₹700 crores to ₹750 crores of revenue with the kind of capacity we have. But the caveat in this is it depends on the order mix we get.

Sagar Shah: Right. It's obviously, it will depend on the kind of a requirement from the customers actually?

Amritanshu Khaitan: Correct.

Sagar Shah: And what, what kind of customer requirement is there and depending according to your margins will vary enormously. Your turnover will vary actually in the future. I was just trying to understand basically at least a ballpark number, if there is any scarcity, if there isn't any scarcity for space actually in the next three weeks.

Amritanshu Khaitan: No with the Ambernath acquisition, I think we are going to be in a fairly comfortable position. Just to give you an idea, the Ambernath acquisition can push out 10 to 12 rotary dryers per year, which is about a ₹100, ₹120 crores. And in the last four months, the company has backed 12 rotary dryers. So that allows a lot more flexibility at the Kilburn plant. Because in the Kilburn plant, we are now also looking at focusing on manufacturing of titanium equipments, which is used in defence and some select customers who want their dryers made with titanium. So those are going to be more value added steps which the management has taken.

So that will help offload a lot of the standard rotary dryers into the Ambernath facility, the new one, and a lot of specific value-added work can continue in the current facility.

Sagar Shah: Right. Sir My last question was related to the debt levels. As we have acquired a ₹22 crore plant, in the next six months, we are going to infuse another ₹10 crores in M.E plant actually for expansion. So going ahead, can we something like -- right now you can suggest what are the debt levels right now? And by the end of this year, what are the debt levels that you are actually targeting?

Amritanshu Khaitan: Sachin can highlight the numbers, but a quick answer to you is that, all this is being funded through internal accruals.

Sagar Shah: Okay. Sure. That's correct. That's it from my side. Thank you, and all the best for future.

Moderator: We take the next question from Arka Bhattacharjee. Arka you can go ahead, please.

Arka Bhattacharjee: Yes. Thank you. Am I audible?

Ranjit Lala: Yes.

Arka Bhattacharjee: Okay. Congratulations for the good set of numbers that we have got this time. I just wanted to know, I have few questions on this, regarding the integration with M.E. energy that it has been done. What is the overall impact in the operations and the technology front, post this integration with Kilburn Engineering?

Ranjit Lala: On the technology front, I think I had mentioned that their heat recovery systems are kind of complementary to our business. So that enables us to cater to our clients as well. And through them, we also have an access to their clients. So from that perspective, it's a synergy.

In terms of technology, I think heat recovery technology has been with M.E. Energy for a long time. And we are seeing from time-to-time, we can offer newer solutions through them also.

And if you want more, probably Mr. Kartha can throw some light. Vijay, would you like to say something on this?

Vijaysankar Kartha: Yes. I would like to add. So, coming together with Kilburn, has added the strengths to M.E. Energy as well as Kilburn. So a lot of the customer base expanded. We had around 30%, 40% common customers, but the other 30%, 40%, balance 60% customer on each side has been added to the total customer list. This is one of the major thing.

Second is, we have been able to reach out to customers at board level and things like this in the recent months after joining with Kilburn. For example, as soon as we started working together, we finalised one order from a cement manufacturing facility, which otherwise would not have come to us. This has come because of the association. Same way on carbon black we had been doing some work, but then our expected work, the basket for carbon black that M.E. Energy has expanded after we have joined with Kilburn.

So, it is too early to make a list out, but then in the short period of last five, six months, I think things are looking bright and M E Energy is going to grow in large, in bounds and leaps in the next one, one and a half years, two years, and going ahead further. This is all I can say.

Arka Bhattacharjee: Thank you for the very detailed explanation. And regarding the part which is about the significant orders that has been recently added. What is the expected impact on the revenue front?

Ranjit Lala: At the group level, as I mentioned that we still continue to target ₹500 crores plus for the current financial year.

Arka Bhattacharjee: Okay. And regarding the current order book, which is, how does it stand as compared to the previous years?

Ranjit Lala: I think in the last quarter, it was ₹280 odd crores, if I remember correctly. The open order book, which has gone...

Sachin Vijayakar: It was ₹227 crores and ₹280 crores jointly.

Ranjit Lala: From ₹280 crores it was, and now it's ₹370 crores. So quarter-on-quarter, you have seen a rise in the open order book.

Arka Bhattacharjee: Okay. And, in the pipeline that we have for the future orders, any major projects?

Ranjit Lala: Yeah. So we have...

- Arka Bhattacharjee:** Our company is bidding on?
- Ranjit Lala:** Yeah. So we have inquiries over ₹2,000 crores, and we are also selective on what we have to bid. So our focus is always on projects which will give us higher revenues and preferably higher bottom lines as well. So, accordingly, we bid so we are focusing on these ₹2,000 crores as a group.
- Arka Bhattacharjee:** Okay. Thank you, I will join the queue.
- Ranjit Lala:** I would not like to mention the details, of course.
- Arka Bhattacharjee:** Okay.
- Moderator:** Arka, are you done, can we move ahead to the next participant?
- Arka Bhattacharjee:** Yes. I'll join the queue.
- Moderator:** We'll take the next question from Dinesh Kulkarni. Dinesh, you can go ahead, please.
- Dinesh Kulkarni:** Hello, sir. Can you hear me?
- Ranjit Lala:** Yes. Good afternoon, Dinesh.
- Dinesh Kulkarni:** Yeah, first of all, congratulations on a good set of numbers on the profitability front, and my apologies because I joined a few minutes late. So I may have missed out on the first, initial few minutes of the call. My request to you, sir, can you just give me what was the consolidated, assuming we had this transactions last year. What was the Q1 FY '24 consolidated numbers? Is it possible for you to give that number?
- Ranjit Lala:** Q1 '24, there was no consolidation. M.E. Energy is a recent acquisition, but I can tell you what was the revenue. It was around, Sachin, you have the numbers with you?
- Sachin Vijayakar:** You want for this quarter, Mr. Kulkarni?
- Dinesh Kulkarni:** No, for the last quarter. So assuming if we had the same, the acquisitions last year, what would have been our consolidated revenue? Because, on the press release, on the Page 2, we have given...

- Amritanshu Khaitan:** M.E. Energy got consolidated only after 20th of February. But just to give an idea, the last year first half, they virtually had negligible revenue. Maybe only ₹4 crores, ₹5 crores. So a lot of their revenue came in in the third and fourth quarter.
- Dinesh Kulkarni:** Okay. So do we expect the same kind of a growth, so you're saying the first half was negligible for M.E. Energy?
- Amritanshu Khaitan:** So M.E. Energy last year did in our books only about ₹30 crores of revenue came last year. This year, we should be looking at ₹100 crores plus.
- Dinesh Kulkarni:** ₹100 crores plus. Okay. Awesome. And do we expect the margins on M.E. Energy to expand in the next...
- Amritanshu Khaitan:** We are guiding for a consolidated margin of the company at over 20%.
- Dinesh Kulkarni:** Over 20%, but we have achieved almost close to 25% on a standalone.
- Amritanshu Khaitan:** That was only standalone, but if you see consolidated, our margin was 21.5%. So we believe we should be over 20% to 21% for the consolidated figure for the full-year.
- Dinesh Kulkarni:** Okay. But, how about standalone, Kilburn basis? How should we look at that?
- Amritanshu Khaitan:** That should be higher because M.E. would be a tad lower than that.
- Dinesh Kulkarni:** Yeah. Fair enough. But that would be around 25%. Can we expect that?
- Amritanshu Khaitan:** We cannot, it's not practical for us to give the full-year number, but we are looking at more the yearly consolidated figure at the guidance because order mix keeps changing. So those margins might differ by 1% or 2% whether for M.E. or for Kilburn.
- Dinesh Kulkarni:** Okay. Fair enough. I got that. Thank you.
- Amritanshu Khaitan:** But you can assume Kilburn to be a percent or 2% higher than M.E. So, on a standalone basis, Kilburn would be at a higher percentage.
- Dinesh Kulkarni:** Okay. Great. Just one more thing from my end. So we are in the process of acquiring this new plant at Ambernath, right?

- Amritanshu Khaitan:** Correct.
- Dinesh Kulkarni:** For ₹22 crores, right?
- Amritanshu Khaitan:** That's right.
- Dinesh Kulkarni:** Yeah, so where are we in that process? Like, how long still we would expect?
- Amritanshu Khaitan:** I mean, it's just been 15 days, the agreement has been signed. So I think we should have it all concluded in the next two months.
- Dinesh Kulkarni:** Okay. By the end of next quarter, I mean this quarter?
- Amritanshu Khaitan:** By the end of this quarter.
- Dinesh Kulkarni:** Okay. Great. And what kind of asset turn or revenue we're expecting for that particular plant?
- Amritanshu Khaitan:** It has been mentioned about ₹100 crores. Okay. So it would be about 5x the investment.
- Dinesh Kulkarni:** Okay. What is the current status of the plant like, are they generating any revenue or it is just?
- Amritanshu Khaitan:** It's operational plant. They have the machinery. They have done work for Kilburn in the past as well.
- Dinesh Kulkarni:** Okay. And does that require any change in the plant or any CapEx in terms of new machineries or just we can just acquire them and get them working. What is the status of that in terms of operations?
- Ranjit Lala:** Yeah. I'll answer that. So as of now, we can very well start the operations. And as we go forward, there will be some expenses because we will have to put our IT systems in place, some security systems in place. So those and, of course you have to do up the office a little bit. There will be some expenses over there. On the CapEx front, as of now we do not see an immediate expenditure. Probably once we shift into it, we will re-evaluate our requirements and accordingly, we will keep you updated.
- Dinesh Kulkarni:** Okay. Sounds great. Yeah. Just one more thing. So we have booking of almost ₹160 crores for this quarter. May I know, like, what are we

expecting, this thing? Or is it, an exceptional quarter which we had, or how do we expect for the next few quarters or the remainder of this financial year for order bookings?

Ranjit Lala: In terms of order booking, as I mentioned, we will definitely target ₹500 crores plus order intake at the group level. So we are not deviating from that. We have kept that number very well fixed for ourselves. Okay. And this is based on the fact that we have a visible inquiry pipeline of ₹2,000 crores. And we do not see any major factors which could upset that at this point of time.

Dinesh Kulkarni: Yeah. Fair enough. So assume we already have ₹160 crores, so this is ₹160 crores plus ₹500 crores or you're saying that's ₹160 crores is already?

Ranjit Lala: For the financial year, we are targeting ₹500 crores.

Dinesh Kulkarni: Okay. It already includes ₹160 crores that quarter.

Ranjit Lala: We do better. It's only a bonus.

Dinesh Kulkarni: Okay. Great. Okay. Thank you. Thanks for my questions. If there is anything, I'll come into the queue. Thank you. All the best.

Moderator: Thank you. Dinesh. We take the next question from Jagdish Sharma. Jagdish, you can go ahead, please.

Jagdish Sharma: Hi, sir. Congratulation on good set of numbers. So my first question is, when we talk about this ₹500 crores order book, is it from ₹225 crores or ₹227 crores on FY '24 to 750, or you are saying ₹225 crores to ₹500 crores? Can you clarify that? Like extra just ₹500 crores extra, will it come or what will it be?

Ranjit Lala: For the financial year, we would have an order intake of ₹500 crores intake.

Jagdish Sharma: Okay, so my second question is that what is a nuclear related order in that entire order book currently, what is a nuclear plant or nuclear related order in our overall order book?

Ranjit Lala: Right now, in the order book, there's nothing related to nuclear.

Amritanshu Khaitan: There's nothing related in the orders which have been won. But as you are aware, there are certain projects by NPCL which are already under

the process of being awarded. So Kilburn is also participating in those jobs. So I think nuclear sector per se has been slow or quiet for the last few years, but with the current government push, I think the management will expect significant orders to come through in the next two, three years from the nuclear space.

Jagdish Sharma: Okay. Like third question is when will our company be a debt free company, and when will our pledged share will go to zero, goes down to zero?

Amritanshu Khaitan: There's no pledge at the moment. There's some non-disposable undertaking given by one of the promoters. So there are no pledge on the holding. And regarding your debt position, we have a small term debt of about ₹50 crores, which is payable over a longer period of time. So we should be in a comfortable position net debt free by end of the year, unless any other acquisition opportunity comes up or anything which comes up, which is positive for the growth of the company. Otherwise, free cash flows will be used to pay down the debt.

Jagdish Sharma: Okay. My final question, sir, you mentioned about this new Ambernath plant, right? Do we have maybe free plants nearby, like, free land, so that we can increase our capacity in the coming time? And what is the total plant size? Can you just tell me in numbers? Can you just quantify that?

Ranjit Lala: Right, so when you talk about the Ambernath factory, it is spread over 5,000 square meters, yeah. It has two working ways for heavy fabrication, something in line with what we have at Saravali and the relevant material handling equipment and office building over there of two floors, so which is very sufficient for the numbers that I spoke about. Is there a free land around over there? As of now, I'm unaware of it, and probably we'll find out if it is there. As of now, I'm not aware.

Jagdish Sharma: Okay. Thanks. All the best for the coming quarters.

Ranjit Lala: Thank you.

Moderator: Thank you, Jagdish. We'll take the follow-up question from Garvit. Garvit, you can go ahead, please.

Garvit Goyal: Thanks for the follow-up, sir. Ranjit, we have a pipeline of ₹2,000 CR as you mentioned right. And we are also in those new initiatives,

including the recent acquisition that we did, bringing the synergy into the company. And you also mentioned about the new strategic initiatives, for further product diversification. So if I put all these things together in a basket and considering the kind of execution capabilities that you and your team is having, so can you please guide us for the revenue visibility for the next three years down the line?

Ranjit Lala: I think this was partially answered by Mr. Khaitan a while back. If everything is fine and we have the right product mix, you can expect ₹750 crores. But I would see that as of now, I would like to stick to the number of ₹500 crores plus, because I would like to go one step at a time.

Garvit Goyal: Got it.

Ranjit Lala: We have been impacting for last many quarters, and I think step-by-step we have gone forward. We continue to do that.

Garvit Goyal: Got it. Thank you very much. All the best.

Ranjit Lala: Thank you.

Moderator: We'll take the next follow-up question from Sagar Shah. Sagar, you can go ahead.

Sagar Shah: Sure. Thank you so much for the opportunity again, actually. So, my first question was related to the order inflow guidance. This quarter has been, in spite of being you can say a lean quarter, as far as our company is concerned, still we have got a record high order inflow. So, you have given the guidance of around ₹500 crore plus for revenue as well as the order inflow guidance. So, do you want to revise that guidance suppose by any chance?

Ranjit Lala: No. The answer is no as of now. Now let me explain you. When we talk about the lean quarter, typically, when I say lean quarter, it is more related to the revenue. And, again, we had deferment of a couple of despatches that's why it's slightly impacted.

On the order intake front, as I mentioned earlier, the whole negotiation processes can take from four to six months to one year as well. So whatever orders have come in Q1, the discussions would have started maybe two quarters back or three quarters back.

Sagar Shah: Correct.

- Ranjit Lala:** Also possible that some of the orders which we may have expected to close in Q4 may have got slipped to Q1. So this is typically, which this is how the business cycles work.
- Sagar Shah:** Exactly.
- Ranjit Lala:** So, as of now, I would not like to revise the numbers upwards. But after maybe a quarter or two, if we feel that there is a possibility of revision, we will keep you posted.
- Sagar Shah:** Okay. So basically, still our ₹500 crore inflow for order inflow as well as revenue exist still for both of them.
- Ranjit Lala:** Current target set. And we have not touched it as of now.
- Sagar Shah:** Okay. Sure. Now my second question was related to M.E. Energy. M.E. Energy in this quarter, for the first time we have got an order from a cement plant for the biomass project. And, going ahead, we are expecting the same for its existing product pipeline also as far as M.E. is concerned. So, can we expect a better performance from M.E. as compared to the last financial year in terms of revenue and margins? Is it possible?
- Ranjit Lala:** Well, I would request Vijay to answer in details, but at the outset, I can only say that we are expecting M.E. to give us revenue of ₹120 crores this year. And, obviously, it scales up, we will have better margins. Vijay, would you like to add to what I've said?
- Vijaysankar Kartha:** Yeah. So, as Ranjitji has already mentioned, M.E. Energy is targeting to do around ₹120 crores this year. So the economies of scale is going to work in our favour. Definitely, better margins can be expected, and we are also looking at a very strong enquiry pipeline. So that is definitely, likely to give us an opportunity to further grow by a large in the coming year also. So, overall M.E. Energy will add good EBITDA levels to the numbers of Kilburn.
- Sagar Shah:** Okay. So just follow-up question to your answer was, Vijay sir, that apart from this the first time that you got order from a cement from Shree Cements actually put it in place. So basically, are you expecting or have you got enquiries from another cement players also for the base rate recovery plants? Can you throw some colour on that?

Vijaysankar Kartha: See for the cement plants, our basket does not really have waste heat recovery system. There are other systems as well for cement industry. So the first one that we have noticed for the waste heat recovery system, but presently, we have just about received an enquiry for a waste heat recovery system also. So we'll be working on both this thing and a plan for carpet bombing cement industry is being worked out. Because cement industry as a process is more or less standard. So if you did it for one plant, it could be done for all the plants. It's only the CapEx cycle of the customer only is the decision aspect.

So a plan is being worked out, so it is too early to comment what we are going to expect from cement industry. But we can provide multiple equipment to cement industry, and all are being looked into.

Sagar Shah: Okay. Sure. So my last question was to Lala sir actually, that the ₹2,000 crore enquiry pipeline that you just stated, something like from such a huge enquiry pipeline still majorly exist from this soda ash, petrochemicals, and carbon black or any other industry has also actually, something like you, that you've got you can say higher enquiries from? Or is it just these three sectors that you're getting enquiries?

Ranjit Lala: No. It's a mixed bag. Ya . We definitely have enquiries from carbon black soda ash, and quite a few we have already booked also in the first quarter. But we have opportunities, as we just mentioned something in the nuclear. We have something in petrochemicals, oil and gas, something related to offshore platforms. So we have a number of enquiries. It's a mixed bag. And that is also the advantage we have that our business is not focused on one single vertical. Since we are spread across verticals, it actually acts as a risk mitigation as well.

Sagar Shah: Yeah. Absolutely. Yeah. Thank you. All the best.

Ranjit Lala: Thank you.

Moderator: We'll take the next follow-up question from Arka Bhattacharjee. Arka you can go ahead.

Arka Bhattacharjee: Yeah. Thank you for allowing me to ask a follow-up question. I just wanted to have two more questions on this. What is the percentage in that order book, which is a repeat business, from your existing clients?

- Ranjit Lala:** Sachin, do you have the numbers with you? What is the percentage of the repeat customer business?
- Sachin Vijayakar:** In this, pending order?
- Ranjit Lala:** Yeah. In the current order pipeline.
- Sachin Vijayakar:** Current order pipeline, it will be around 50% to 60% of repeat orders. 50% will be repeat customers.
- Ranjit Lala:** Repeat customers and not repeat orders?
- Sachin Vijayakar:** Yeah. Repeat customers. Our regular customers.
- Arka Bhattacharjee:** Okay. And regarding the promoter stake, do the promoters have any plans to increase their stake going forward? Any percentage you have in mind?
- Ranjit Lala:** Mr. Khaitan, can you take that?
- Amritanshu Khaitan:** We can't comment on, what is the stake increase or decrease position as in when any changes happen, we do inform the exchanger.
- Arka Bhattacharjee:** Thank you.
- Moderator:** We'll take the next follow-up question and the final question for the day from Dinesh Kulkarni. Dinesh, you can go ahead, please.
- Dinesh Kulkarni:** Thank you for giving me another opportunity. My question is like, we mentioned we have got ₹160 crores of new order bookings. Can you just give me the number like, how many orders were there?
- Ranjit Lala:** Sorry, can you come again? I missed it.
- Dinesh Kulkarni:** Okay. I said, we have got ₹160 crore worth of orders, right, for this quarter, right? So my question is like, how many orders were there the total ₹160 crores, right? Is it any number, like, is it just one big order or there...
- Sachin Vijayakar:** There are around 20 orders.
- Dinesh Kulkarni:** Around 20 orders. And are they from the like same set of customers or different set of customers?

Ranjit Lala: It's a mixed pack. Have both. You have set of customers as well as new.

Dinesh Kulkarni: Okay. Awesome. I got it. And another question is, like, so we said we have added almost 12 new engineers in M.E. Energy, right, in this quarter maybe or since acquisition. Like, my question is, are we increasing our sales team as well? Because since we are growing, we're getting new orders. So are we increasing this market sales and marketing spend as well?

Ranjit Lala: Well, at the group level, I would say that we are increasing our man power requirement from time-to-time as and when required. So whether it is in marketing and sales, whether it is in getting new customers, whether it is in operations, that is a continuous process. The focus is not only on recruiting people with experience, but also graduate engineering trainees so that we build a good set of cartel down below who can get developed over a period of time.

So we review our needs from time-to-time, and at a group level, we decide what is to be done.

Dinesh Kulkarni: Okay. Got it. Thank you for that, and all the best.

Vinay Pandit: Thank you, Dinesh. That was the last question for the day. Would you like to give any closing comments?

Ranjit Lala: Yeah, Vinay. So I would like to thank all of them for being here today. And, once again, I would like to mention that we are well on track. We are putting in all efforts, level focus. And then in the coming quarters, definitely, you will see how things are moving positively. That's all I would like to say.

Vinay Pandit: Sure. Thank you. That brings us to the end of today's conference call. Thank you to all the participants for joining in, and thank you to the management team for giving us their time.

Ranjit Lala: Thank you.

Vinay Pandit: Thank you.

Sachin Vijayakar: Thank you.

Ranjit Lala: Thank you, everybody.

Amritanshu Khaitan: Thank you.

Vijaysankar Kartha: Thank you very much. Thank you.