



“The Anup Engineering Limited Q2 FY25 Earnings Conference Call”

October 28, 2024



**MANAGEMENT: MR. REGINALDO DSOUZA – MANAGING DIRECTOR,
THE ANUP ENGINEERING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY25 Earnings Conference Call of The Anup Engineering Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

Before we proceed to the call, let me remind you that the discussion may contain certain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business, risks that could cause actual results, performance, or achievements to differ significantly from what has been expressed or implied in such forward-looking statements.

Please note that the Company have uploaded the Results, Press Release, Investor Presentation and also the outcome of the Board Meeting on the website of stock Exchanges and Website of the Company.

I now hand the conference over to Mr. Reginaldo Dsouza – Managing Director of the Company. Thank you and over to you, sir.

Reginaldo Dsouza: Hello everyone. Warm greetings from Team Anup. I sincerely thank you all for your presence on this call. I am glad to share our Quarter 2 and Half-Year Results for this Financial Year 2025. And also, I would like to briefly share on the “Business Outlook.”

On the standalone basis:

The revenue for Quarter 2 was Rs. 187.9 crores, a 34% growth quarter-on-quarter with an EBITDA of 42.9 crores that's 22.9%, a growth of 37% quarter-on-quarter. The PAT was at 32.3 crores, that's 17.2%, a growth of 48% quarter-on-quarter. Please note, this is our best ever quarter on revenue. On the consult numbers, that is with Mabel Engineers, our 100% subsidiary, Quarter 2 revenue stands at Rs. 193.1 crores, a growth of 38% quarter-on-quarter. EBITDA is at Rs. 43.3 crores, that's 22.4%, a growth of 38% quarter-on-quarter. PAT is at Rs. 32.5 crores, that is 16.8%, a growth of almost 50%.

So, if one looks at the period ending September, the console numbers for H1 is revenue at 339.1 crores, a growth of 28% year-on-year with an EBITDA of Rs. 76.3 crores, again a growth of 28% year-on-year. And the PAT stands at Rs. 56.6 crores, a growth of almost 40% year-on-year. The working capital was healthy at 4.1 tons. The exports for the year also has been encouraging and is at 52% H1, with pure exports at 47%.

The sectorial revenue for the quarter has also been interesting. We have oil and gas and petrochemicals at 61% share of revenue, hydrogen at 30%, and fertilizers and others at 9%. This

clearly shows that other sectors have started to contribute. The product-wise revenue share is in line with our expectations, with 72% coming from heat exchangers, 24% from vessels, reactors, and columns, and 4% from others. This clearly shows the contribution coming from our new Kheda facility.

There have been some good developments during this period, and I would like to share a few:

- First, our Kheda Phase-1 with two manufacturing bays are now completely operational. This phase is equipped to deliver Rs. 200 crores revenue per annum.
- Second, we have signed a collaboration agreement with Graham Corporation, USA. This is a US-based Company and our providers of vacuum and heat transfer systems for refinery and petrochemical projects. With this, we are now the exclusive manufacturers for their global projects. In short, we have the first chance for refusal.
- The third development is that we have made the decision on expanding our capacity further. We have started construction activities on Phase II (a), where we will add one additional manufacturing bay. We expect to commission and start manufacturing from 3rd Quarter in the next financial year, that is FY26. This means we will have two quarters of execution from this added day for the next financial year. With the addition of this day, we will have three manufacturing base at Kheda plant, which can deliver revenue anywhere around Rs. 300 crores to Rs. 400 crore based on the product mix for random.
- Fourth interesting development has been the Mabel engineers, our newly acquired unit in Tamil Nadu. I must say, it's also doing well. We have backed a good order for the supply of silos to be delivered in this financial year. With this, Mabel should be able to deliver on plant revenue for this year.
- And the fifth development is our Vadodara design office, which is well stabilized now and we plan to grow this further. This is helping us debottleneck our design activities as we grow.

A few moments on the “Future Outlook”:

The pending order book period ending September stands at Rs. 882 crores, interestingly with about 68% exports. And just for your information as we speak, as on date, the pending order book position stands at Rs. 932 crores which means that we have about Rs. 500 crores order book for next financial year, that is FY26. This sets things very positive for us for the next year.

On the market:

Domestic sector, which was subdued over the last few quarters, since we'll start with opportunities from 3rd Quarter end, we are seeing few already. Exports continue to provide opportunities. The inquiry pipeline continues to be around Rs. 900 crores to Rs. 1000 crores. And at the same time, we are also seeing some aggressive market competition. On the sustainability initiatives, with the one megawatt rooftop solar at our Ahmedabad plant and with

our windmill we operate, approximately 60% of our power requirement in Ahmedabad plant is through renewable sources. With the Kheda rooftop expected to complete this quarter, we will have about 75% of our total power requirements through renewable sources.

To conclude:

We have had our best quarter performance and the momentum created will surely help our 30% growth guidance for this financial year and with an EBITDA of around 22%. A healthy pending order book with some interesting opportunities ahead gives us a more certain visibility into this year and also the coming year. I am confident that with a more certain business visibility into the year and at the strength of a strong capable team at Anup and with the continued support from our rival partners and suppliers, we will be able to deliver on our plans.

My sincere thanks to all our hard-working committed team members, our partners, our suppliers, and all our shareholders for standing by and trusting in us. We are grateful for your trust and support. Thank you all for being on this call and for your patient listening. I'll be happy to have your questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. First question is from the line of Vikram, who is an individual investor. Please go ahead.

Vikram:

Just a couple of questions. First one, as we look at FY26 and FY27, given that you said we would like to be close to Rs. 1000 crores in FY26, I think we've done a lot of fundamental work to get there. I just want to look a little ahead into 27 and 28 and see any kind of insights that you can provide at this stage? And secondly, around the Graham collaboration, I just want to understand what it means for the Company in terms of potential and what are the next steps that we can expect on that? Thank you.

Reginaldo Dsouza:

Thanks, Vikram, for the question. To answer your first question, so our guidance for the next two to three years remains the same, that we wish to grow at 25% to 30% growth year-on-year in the next two to three years. How we are going to do it, as I explained in the last call, two folds. One, of course, we will keep expanding our capacity, timing it correct like what we did for Kheda now. You would have heard me on the call, last call, saying that we would take a call somewhere in November, December of this year. But I think we've preponed it a little and taken a call to start building this capacity because we will need it for the next year. So, we have a further base plan for Kheda. With this, we will be completing three bays. We would have another space for four more manufacturing bays, which we will time as we progress, since each base take roughly about 11 months for us to execute. At the same time, as I said, we are also looking at opportunities like Mabel on the card. We are in discussions. And if something materializes, we will surely come back and announce those developments. On the Graham, it's a collaboration. It's a US based Company where Anup becomes the exclusive manufacturer for their products. Graham is not new to us. They are our customer. They have been our customers. Even today on the shop floor, we are executing some jobs, some equipment for Graham Corporation. It's only

that we are moving the relationship one level higher, being the exclusive manufacturer, so we get the first chance for refusals and more certain volume of work in the year. So, that's the arrangement. It's all about getting our capacities filled in a more certain way year-on-year. We will look for more such opportunities in the market.

Vikram: And just to add, is there a sense of what Graham will mean for us in FY26 or is it too early?

Reginaldo Dsouza: Of course, it will be an estimate. So, the estimate that we are looking at is anywhere between Rs. 30 crores to Rs. 40 crores kind of revenue that can be brought in FY26. That's only for the Indian market we are looking at. This opens up the door even for their international market which I am sure we will get more visibility in the quarters ahead.

Vikram: Got it. And in terms of Mabel, any numbers for 26?

Reginaldo Dsouza: For 26, as I said, we maintain, Mabel will double the turnover to Rs. 100 crores in FY26.

Moderator: Thank you very much. Next question is from Jaiveer Shekhawat from Ambit Capital. Please go ahead.

Jaiveer Shekhawat: My first question, we have been seeing a lot of initiatives that you've been taking to diversify your revenue streams across industries, across your product line geographies as well. So, looking three years out, I mean, how do you see, one, your end user contribution, and then also with respect to your products as well, and if you can paint a picture to the investors about that?

Reginaldo Dsouza: Thanks, Jaiveer, for the question. So, first, let me take on the product side. So, we see the product portfolio at Anoop being on an average 60% to 40% kind of a ratio. That is heat exchangers taking about 60% kind of a share and vessels, reactors, and columns at 40%. Strategically, as I mentioned earlier too, heat exchangers will be focused at our Ahmedabad facility and reactors, columns and other products will be focused at Kheda facility, given the sheer size of the plant and the location. That's on the product side that we look at. On the customer segment, we see oil and gas and petrochemicals, stabilizing at about 50% to 55% kind of a revenue share. And hydrogen, as we are already at 30%, hydrogen and fertilizer will take up larger shares to close to about 40%. The regions that we look at the spread is largely into US and Canada. Basically, we see the blue hydrogen opportunities out there. In Abu Dhabi, Saudi, Aramco, and that area, we see the gas projects. And on the Australia and Nigeria side, we have seen some good traction on the fertilizer side. So, this would be the broad breakup.

Jaiveer Shekhawat: Second, just in terms of technology, I mean are the discussions internally to sort of develop or do technological tie-ups for even things like plate heat exchangers which can possibly support even the generation aspect of green hydrogen, wherein possibly you're not present at the moment.

- Reginaldo Dsouza:** Yes, so as we grow, the strategy is very clear that we are going to consolidate on our current existing product portfolio through building capacities, and at the same time diversify into futuristic products. So, we are already in talks with some of the technology and design companies. As it materializes, we will surely come back and announce. But a direct answer, yes, we are looking for collaborations and support on the technology and design side with companies and established players in the world.
- Jaiveer Shekhawat:** And in terms of your capacity, if you could also give light in terms of where your capacity is stand currently across all the three locations and then what is the kind of capacity utilization you're running at. And then after the manufacturing bay at Kheda gets commissioned next year, I think where would those capacities go?
- Reginaldo Dsouza:** So, when we talk about capacities, if it's in metric tons, as I said earlier, our Ahmedabad facility is completely built up. That has got a capacity of anywhere between 10,000 to 12,000 metric tons per year. That's kind of a capacity at Ahmedabad. Kheda, with this two manufacturing base in place, it has got a capacity of close to about 5,000 to 6,000 metric tons. With one more bay getting added up, it would add another 3,000. So, Kheda with three manufacturing bays, once completed somewhere next July, we should be having a capacity of close to 8,000 to 10,000 metric tons. And Mabel, currently with the capacity in place, they have a capacity of 2,000 metric tons. So, let me repeat, Ahmedabad 10,000 to 12,000 metric tons; Kheda once the next phase is closed, it will be 8,000 to 10,000 metric tons and Mabel at 2,000 metric tons. In terms of the revenue, the current capacity in place, that is, Ahmedabad, Kheda and Mabel, that's good enough for 1,000 crores turnover.
- Jaiveer Shekhawat:** And could you also call out what capacity utilization you're running at a new Kheda facility because you've been also shifting a lot of your heat exchanger production there. So, is it running at almost full capacity utilization and then Kheda is more opened up?
- Reginaldo Dsouza:** So, heat exchangers is all in Ahmedabad. We don't make any heat exchangers in Kheda, Kheda is broadly making vessels, reactors, and columns. And the capacity utilization, currently the Kheda is at 75%.
- Jaiveer Shekhawat:** And what about the Odhav facility? Is it there that you have a lot more headroom?
- Reginaldo Dsouza:** No, so in Odhav, it's completely utilized. So, we don't have much of legroom there. Probably 85% to 90% is the utilization at the moment. So, we have 5% to 10% of leverage.
- Jaiveer Shekhawat:** I think see the disconnect is with respect to the revenues that you've already clogged and then for you to go to almost Rs. 1000 crores on scale. I mean, even if you were to not include the new day that you're adding and that should be sufficient to take you to about Rs. 1000 crore in revenue which you had earlier guided in the call as well, I am just trying to sort of reconcile the numbers here. If you're saying Odhav is fully utilized and with the Kheda facility, it's already 75%, I

mean, how do numbers line go up to Rs. 1000 crores in terms of revenues? And please correct if there is a misunderstanding here.

Reginaldo Dsouza: No, that's correct. So, let me just explain. So, in FY26, when look at FY26, Ahmedabad facility will be at Rs. 600 crores. Kheda facility next year, because it will have two quarters of the new additional way that they are building in, will be at Rs. 300 crores and Mabel will chip in at Rs. 100 crores. So, that's 600, 300, and 100. And that's the kind of turnover that we are looking at.

Moderator: Thank you. The next question is from Chetan Vora from Abakkus Asset Managers. Please go ahead.

Chetan Vora: I wanted to ask a few questions in addition to the questions asked by the previous participant. As you mentioned that the Kheda will bring 20 crore of revenue, and it is utilize at 75%, but that 75% is the first bay of the Stage-I, right? The second bay has recently got operationalized, isn't it?

Reginaldo Dsouza: So, right now, both the bays in Kheda are operational. That is two full complete manufacturing bays are operational.

Chetan Vora: And both of them are being utilized at 75%.

Reginaldo Dsouza: Yes, that's correct.

Chetan Vora: And the expansion what you have kicked off recently, is it getting commissioned then?

Reginaldo Dsouza: This will be commissioned in July, August next year. The construction would close and we will kick start the production in Q3 of next year. That is FY26. It will deliver revenue for two quarters into the next year, Q3 and Q4.

Chetan Vora: And then the execution of the order book of Rs. 890 crores and as of date which is close to Rs. 930 crores, we have got a strong visibility for this year as well as the next year, but **0:23:19** of the margins what we are looking currently in terms of profitability?

Reginaldo Dsouza: We are looking at the same margin of 20% plus. So, anywhere in the region of 20%-22% with the EBITDA.

Chetan Vora: Alright I observed something on the balancing sheet front, the debt have increased quite sharply for the first half, its Rs. 220 crores, which was Rs. 127 crores as of year end. Any clue or any comment on that debtors part?

Reginaldo Dsouza: That's purely what has happened is there were some equipment meant for exports, where a customer has, since the site is not ready, has asked us to put it on store. So, we have actually

stored those equipment in Kheda and it will be delivered somewhere in December end of this year.

Chetan Vora: I was not able to get what you said you said billing will be in December? Why the debtors days shot up?

Reginaldo Dsouza: So, the equipment which, because we get the advances, right? Which is roughly about in the region of 25% to 40%, depending on which order is. And the balance is at the point of dispatch. So, unless you dispatch, we'll not be able to raise the commercial bill. So, this was supposed to get dispatched. So, they will be getting dispatched somewhere in the month of December.

Chetan Vora: So, the billing has not been done, but this is the unbilling you are saying that.

Reginaldo Dsouza: That's correct.

Chetan Vora: And what should be the billing amount, what should be your unbilled amount?

Reginaldo Dsouza: That should be close to about Rs. 60 crores -Rs. 65 crores.

Chetan Vora: So, even after excluding Rs. 60 crores – Rs. 65 crores of the unbilling part, the debt has come to around close to Rs. 160 crores and the quarterly sales are also near about Rs. 190 crores.

Reginaldo Dsouza: That's correct.

Chetan Vora: So, is it fair to assume that the dispatches would have been at the second of the quarter?

Reginaldo Dsouza: That's correct.

Chetan Vora: I was just asking why the tax rate has been low?

Management: Yes, so in this part there was an exercise of ESOP, if you look at the notes of our standalone, the number of ESOP exercised by the staff was 1,01,500 for the quarter. That's the reason why there was an ESOP related expense with it in the tax P&L. That's why the tax amount is quite low. That is the only reason. And probably except the ESOP granted to Rishi. There were certain ESOPs which were granted to the ex-CEO, Mr. Rishi Roop Kapoor. He has exercised most of his ESOP in the last quarter. Now almost all those ESOPs are granted. So, in the long run, we can expect a tax rate of 25%. But this was the only reason why tax rates were so low in this particular quarter. The number of ESOPs granted in the north of standalone as well as consolidated public financial.

Moderator: Thank you. Next question is from Kunal Shah from Carnelian Capital. Please go ahead.

- Kunal Shah:** Our receivables, which were at about Rs. 127 odd crores in March '24, has gone up to about Rs. 230 crores in September 24. That's almost an increase of Rs. 100 odd crores. So, is it that our receivable cycle in the current half year has gone up?
- Reginaldo Dsouza:** Yes, and one reason is, of course, as I answered earlier, it is because of the unbilled revenues. And the second is, as we have more and more exports now coming in, the last 10% of payments are on the documentation part. That is where it's taking a little longer time, but it's in the cycle. It takes about 45 days to 60 days for to encash the last 10% of the payment which is reflecting in this and the dispatch is happening through the later part of the quarters.
- Kunal Shah:** But unbilled revenue should be sitting in inventory, not receivables right? Correct me if I am wrong. Right? If it's recorded as sales?
- Management:** Kunal, unbilled revenue, so here in this case, often equipment where we build, the revenue recognition point would be the moment when the IRN is received mostly when the **booth 30.00** is accepted by them. Because as per accounting standard, there are various portions wherein we don't have alternate use of this particular product and it has very limited chances of getting rejected because it goes through the customer quality point at every stage. So, at that point in time when the IRN is ready, we recognize the revenue. So, if you look at the last two-year balance sheet even there you will find a considerable amount of receivable which is shown under the unbilled. But this time there is one of the consignment where customer is asked us to stop the supply and store at our end and they will also give us the storage charges soon. For that particular segment you find a bit higher data otherwise it's normal in equivalent to the increase in the overall business.
- Reginaldo Dsouza:** Kunal, what I mentioned yesterday if you actually come and see in our Kheda facility today, there is a huge separate storage area created for these finished goods, they have been moved from our Odhav facility to Kheda for storage and that's precisely because customers have requested us to store it for additional 3 months, and we are being paid for those storage charges additionally than the equipment as well. So, as I said, towards the later part of this December, the shipping would be these are exports orders going to US and Canada and other parts. Towards the end of December, the shipping would be arranged. Shipping is in the scope of customer. Our scope is incoterms are only up to FOB. So, once the shipping is arranged, all the equipment will move.
- Kunal Shah:** And the other question that I had in the current quarter, we have done sales of about Rs. 45 odd crores for towers and reactors, right? Which was on average about Rs. 5 crores in the previous quarter and about Rs. 15 odd crores in the quarters before that. So, if you could help understand, this is largely to do with Kheda coming on stream and how should we see that? And also the end users, where this is getting used basically?
- Reginaldo Dsouza:** You're right. These are largely reflecting Kheda contributing into the revenue. So, as I said, all the vessels, reactors, columns would be actually made in Kheda. So, almost 90% to 95% of the

revenue that will be clocked by Kheda will be from this product. And as I said, strategically at a macro level, heat exchangers should be around 60%, and these other products should be around 40%, largely coming from Kheda and Mabel.

Kunal Shah: Also, if you could help understand the end user industry, basically that would help understand a little bit more on this product piece?

Reginaldo Dsouza: This is both for petrochemicals and gas projects largely, the orders that we are executing today. So, that will be a set of heat exchangers and vessels needed. Heat exchangers are being executed in order for the same project and the vessels are being executed for the same project in Kheda. So, these are same conventional projects, but more focused towards petrochemical and LNG.

Kunal Shah: And what would be our CAPEX spending amount for the remaining half of the year? How much do we plan to spend in the coming six months for the construction of the additional bays at Kheda?

Reginaldo Dsouza: So, the added bay at Kheda would be at a CAPEX of about 40 to 50 crores, inclusive of the machineries, which we plan to commission in Q2 of next year. And that would be about 15 crores of regular CAPEX for upgradations of our machines of latest technology.

Kunal Shah: And just wanted to understand on this order inflows, like they have been pretty robust in the current quarter and the closing order book also. So, by year end, how we should look at, I mean, there is ample visibility for the next year, but how should one look at that? What's your sense? I mean, how is our order pipeline looking like presently? Will we be able to kind of, you know? Utilize the capacities that we are building up and also basically speed up the additional capacities to kind of utilize from 3rd Quarter of the next year. So, if you just provide a little bit visibility on how the order book visibility is looking like for the remaining six months?

Reginaldo Dsouza: Yes, so the average inquiry pipeline looks to be the same region of Rs. 900 crores to Rs. 1,000 crores, which has been over the last probably three to four quarters, which is quite encouraging. But of course, having said this, the larger chunk comes from exports. So, by the end of the year, as I said earlier, we wish to open the year with almost a full complement of our plan for next year. So, by March end, we should open up the year, 1st of April with close to about Rs. 900 crores kind of a pending order book, executable in next year.

Moderator: Thank you. The next question is from Abhishek Singhal from Naredi Investments. Please go ahead.

Abhishek Singhal: I had only one question. Is there any plan to monetize the facility in Ahmedabad because there is a problem in transporting the big projects? So, this capacity transfer to Kheda, so any plan to monetize the Ahmedabad facility?

Reginaldo Dsouza: So, Abhishek, not really. And that is the strategic choice that we have made of making heat exchangers in Ahmedabad. Now heat exchangers generally are smaller in sizes. They don't pose much problems in transportation. And the limit for us in Ahmedabad is about 5.5 meters diameter equipment that can be moved out from Ahmedabad with ease. And most of the heat exchangers would be below that. So, that is a precise reason why we have decided to have heat exchangers being manufactured in Odhav. And we wish to continue that. And Kheda will expand to the master plan of seven days, making vessels, reactors, and larger size equipment because of its sheer location on the National Highway. And also added to that, we have the complete machine shop needed for machining of heat exchangers built at Odhav. So, we wish to be there for heat exchangers. And also the location is very strategic, because as I've said in my earlier calls to the most important raw material for a heat exchanger is tubes. And all the world renowned tube manufacturers are around probably 40 kilometer radius from our facility in Chhatral area. So, the location is ideal for heat exchanger manufacturing.

Moderator: Thank you. Next question is from Ajinkya Jadhav from Kris PMS. Please go ahead.

Ajinkya Jadhav: My question revolves around this Graham arrangement. If you can throw some light on what is the role of Graham in this arrangement, like kind of a product portfolio they will bring to the application. This is the first part.

Reginaldo Dsouza: So, Graham Corporation has been a pioneer in heat transfer and vacuum systems, which are used in refineries, petrochemicals, and any other process plants. So, they have been doing business in India for a long time. They have been our customers for a long time. As I said, even today, we are executing some projects for our IOCL project in India. So, they were our customers. Now we have become strategic partners, wherein we become their exclusive manufacturers now. So, in simple terms, if Graham wins an order in India or globally, we should have the first chance for refusal for executing that project. So, it's sort of a volume guarantee of business for us.

Ajinkya Jadhav: Okay and how is the business arrangement like are we going to pay them the royalty or how is it?

Reginaldo Dsouza: No, there will be no royalty. it's an exclusive manufacturing agreement. So, we will be their exclusive manufacturers that is a rate contract which have been agreed fixed for a year and with some clauses and every year we will review that rate depending on the commodity pricing.

Ajinkya Jadhav: And the margins will be similar to what we do in our core business?

Reginaldo Dsouza: That is correct. No compromise on the margin.

Moderator: Thank you. The next question is from the line of Ayush Rathi from Aditya Birla Money. Please go ahead.

- Ayush Rath:** First of all, congratulations on a strong set of numbers and most of my questions have already been answered. Just on the strategy side, sir, you mentioned in your opening remarks that we are looking for any opportunities if it comes up. Can you throw some more light on what kind of opportunities are we looking at? Is it on the collaboration part? And like if on the collaborations, which like is it on something that will boost our existing product portfolio or anything else? Can you throw some light on that?
- Reginaldo Dsouza:** Yes, so the collaboration that we are looking at or acquisition that we are looking at is not on the capacity side. So, as I mentioned earlier, anything to do with capacity expansions in our existing product portfolio, we would prefer to do it in Kheda, since we have a land and we can expand. So, whatever opportunities that we are looking at is more on the strategic side in a sense of getting additional product portfolio other than the products that we have today or on some technology acquisitions. That is where we are looking at. So, it should give us a parallel product portfolio. It should give us a futuristic product portfolio in terms of something into green energy, or even a design tie-up. So, that's the area that we are looking at. Nothing on the existing, no capacity addition in the existing product portfolio that we are looking at for tie-ups.
- Ayush Rath:** All right, so I got it. Another question on the order book side and enquiry pipeline in fact. So, we have seen a lot of orders from the export side as well. We can see it in the export order book as well, the contribution from export side. So, just wanted to understand because of the global scenario which is right now going on, do we face any challenges? Do you foresee any challenges in the coming years? I know you have been quite optimistic with your remarks, but just wanted to understand that is there any risk on the execution part?
- Reginaldo Dsouza:** Yes, so you're right. The concern stands right considering the current geopolitical scenes. But as I said earlier too, we are very cautious of which countries or which projects we work with. So, if you look at in the export profile today, most of our orders and the projects that we are executing is for US and Canada. On the Middle East side, it is more to do with Abu Dhabi for ADNOC, that is Abu Dhabi National Oil Company and Saudi Aramco, which is in Saudi Arabia. These are the only two countries that we are doing in the Middle East and on the Southeast side, it's Australia. So, we are very choosy about the countries and the projects that we work with. Precisely the reason that you spoke about and so if you see any of the disturbed regions today, we don't have any projects or any customers that we work with that. But having said that, yes, geopolitics is always a challenge when it comes to export and we are very cautious. And we do a lot of due diligence before we pick up any projects in the exports.
- Moderator:** Thank you. The next question is from Vikram who is an individual investor. Please go ahead.
- Vikram:** My question is really around the fact that at the end of next year, we would have pretty much exhausted our entire capacity. So, in terms of thinking through on the next round of CAPEX, when would that be and any initial thoughts on that? And the second piece really is around the fact that you did mention earlier on that there was some imminent competition that's coming in. So, you ought to just spend some time on what that means for us. Thank you.

Reginaldo Dsouza: Thanks, Vikram. So, on the capacity additions, the next decision that we would make is somewhere in the month of June and of quarter one of next year, because that would be the right time for us to get the capacity additions. As I said, we will give this time now from now on to next June for us to look at opportunities in the market. If something comes well, we would definitely take it, or else we will go ahead with the additions of the capacity in Kheda. Similar to what happened today, if you look at, we were holding on the decision for expansion of one more bay, as only because we were looking at and exploring other opportunities. But then to time it right, we took this call so that we have enough capacity built in for FY27. So, this should be good enough to suffice our 25% to 30% growth guidance for the next 2 years. And we would add, so a direct answer to your question, next June would be the decision on the next capacity additions. On the competition, as you know, we play into the export market now, are close to about 50% of our businesses into exports. Domestic, as last couple of quarter, it has been down. Of course, we see it reviving now towards the end of this quarter and moving forward. Things should normalize. But during this interim phase is where, since most of our competitors rely on domestic orders and there are not good opportunities right now on the table. The competition is a little stiff and that's where I think for us, fortunately what has helped us is spreading geographically has helped us. So, the competition is there in the domestic market, but exports is something that is helping us build up our order book positions.

Moderator: Thank you. Next question is from Balkrishna Julia, who's an individual investor. Please go ahead.

Balkrishna Julia: I just want to know that you earlier mentioned that Graham Corporation, that is a purely price-based contract for the one year. I want to know if any geographical changes and uncertainty happens within a year, then what any clauses have been added to the contract that can increase the margin, increase the price, does not let go of the margin for the year? I just want to ask that one?

Reginaldo Dsouza: So, we don't have any price variation clause in our contract and nor it is there in any of the contracts, by the way, that we execute for even our customers. The only thing that we have in this contract is a first chance for refusal. So, we have, and there are some clauses in built, because since we are partners together, unforeseen circumstances like war or COVID or pandemics, any other situation that would abruptly take the commodity pricing to extreme, we definitely have amicable solutions within the contract. But variable price contract is definitely not in place. And just for your information, we do not have that contract in any of our contracts that we execute. That is where the forecasting models of our commodity and raw material pricing helps us during the estimation process.

Moderator: Thank you. The next question is from Mohit Surana from Monarch Network Capital Limited. Please go ahead.

Mohit Surana: Just one question, can you give some insights on the overall competitive landscape and the total market opportunity for our products both in India and globally? Yes, that's it from my side.

- Reginaldo Dsouza:** Yes, so the competition profile remains the same. It has not changed for us. It's only that in domestic, the competition has gotten a little more aggressive because of lesser opportunities on the table as of now in the current interim period. But as I said, once the opportunities pick up towards the end of this quarter, things should normalize. In terms of the opportunities globally, spreading geographic helped us. So, as I said today, we are sitting on an enquiry bank of close to about Rs. 900 to Rs. 1000 crores kind of an enquiry bank largely fueled through exports and to be finalized in possibly next 2 to 3 months kind of a window. So, the enquiry pipelines are looking healthy. Domestics, once it picks up towards the end of the quarter, we should be in a much better position even on the competitive front.
- Mohit Surana:** Can you give some number on the overall total addressable market for our products? Is there any kind of estimation that we have?
- Reginaldo Dsouza:** So, the overall pie, it's based on the market analysis that we do. So, overall pie for the product portfolio that we deal with as Anup Engineering and as Anup Engineering we are interested in the overall product of pie is close to about 18,000 to 20,000 crores per annum. That's kind of a pie and then we keep taking shares from that. So, spreading geographically was one strategy where we could garner more exports share from the same pie.
- Moderator:** Thank you very much. That was the last question. I would now like to hand the conference back to Mr. Reginaldo Dsouza for closing comments.
- Reginaldo Dsouza:** Thank you. Thank you, everyone. I once again take this opportunity to thank my wonderful team at Anup and to each and every one who supports and helps us deliver results. A big thank you to all of you, our shareholders, for your trust and standing by our side always. Thank you. And on behalf of my team at Anup, I wish you all a very happy, healthy, and a prosperous Diwali. Thank you and take care. Bye.
- Moderator:** Thank you very much. On behalf of Anup Engineering Limited, that concludes this conference. Thank you for joining us, ladies, and gentlemen. You may now disconnect your lines.