



sealmatic

Sealmatic India Limited

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Date: - 11th June, 2025

To,
The Manager,
Listing Department,
BSE Limited,
SME Division,
P. J. Towers, Dalal Street
Mumbai- 400 001.

Subject.: Transcript of Earnings Call
Ref: - Scrip Code: - 543782 - SEALMATIC INDIA LIMITED

Dear Sir/ Madam,

Pursuant to Regulation 30 and Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find attached the transcript of the aforesaid Conference Call held on Monday, June 09, 2025 at 4:00 p.m.

Kindly take the above information on your records and oblige.

Yours faithfully,
For, Sealmatic India Limited

Neha Chheda
Company Secretary & Compliance Officer

Encl: - As above



“Sealmatic India Limited
FY '24-'25 Yearly Earnings Conference Call”
June 09, 2025



**MANAGEMENT: MR. UMAR A.K. BALWA – MANAGING DIRECTOR –
SEALMATIC INDIA LIMITED
MR. RATAN BHABUTLAL KANDARE – CHIEF
FINANCIAL OFFICER – SEALMATIC INDIA LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to the Sealmatic India Limited FY2024-'25 Yearly Earnings Conference Call for the period 1st April 2024 to 31st March 2025. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

Statutory notice, all content on this earnings call is for informational purposes of a general nature only and does not address any circumstances of any particular individual or entity. Do not constitute any such information or material as legal, tax, investment, financial, professional or any other advice. Content on this earnings call does not represent or constitute any solicitation, inducement, recommendation, endorsement or offer by Sealmatic.

Any information, materials, statements and or data set out herein is subject to change any time without notice. And as such, no reliance must be placed on fairness, accuracy, completeness or correctness of any information and materials contained on this earnings call. I now hand the conference over to Mr. Umar A.K. Balwa, Managing Director of Sealmatic India Limited. Thank you, and over to you, sir.

Umar A.K. Balwa:

Thank you, Ryan for this introduction. Good evening and a very warm welcome, ladies and gentlemen, to this fifth earnings conference call of today. Before I begin with the formal address, I take this opportunity to express my heartfelt appreciation to all of you for taking the time out of your busy schedules and accepting our invite and to be a part of this call. I would also like to express our gratitude towards our shareholders and the keen interest expressed by investors and the analyst community in our company's Sealmatic.

As I have already briefed over the previous four earnings calls about the company and our journey in the business of mechanical seals and hence there's a lot of data available on the BSE site and also on our social media handles such as YouTube, LinkedIn, Facebook, Instagram, etc. I will not get into specifics and make this introduction as brief as possible, which will allow us to take as many questions as possible.

A few highlights over here. Sealmatic succeeded in increasing its turnover by around 42% on a yearly basis as compared to FY '24. PBT increased by 57%, PAT increased by 61% and EPS increased by 61% as compared to the previous year. The company's net worth also increased by 17% and it stands at INR102 crores. All this is testimony to the fact that demand for Sealmatic products is very strong and is being driven by markets in India, Europe, Middle East, North America and other regions globally.

Outlook for the financial year 2025. For the financial year 2025, Sealmatic has achieved a year-on-year organic order intake growth of 25%, which shall also lead to seamless operations, which will enhance profitability and increase in the top line. Our continuous investment into research and development drives our commitment to keep evolving our capabilities as a ceiling technology leader.

Notable developments. In the Middle East, Europe, Russia and USA, we are currently expanding our footprints to various OEMs and end users. Our joint venture in UAE, Abu Dhabi, SealTech LLC will provide world-class support and services for mechanical seal, addressing the needs of major customers like ADNOC, OEMs like KSB, Sulzer, Sundyne, Ebara and RuhrPumpen and host of other EPCs such as PEG, Saipem, Maire Tecnimont, Worley, Wood Group and many other important customers.

Thus targeting a significant portion of the USD60 million market mechanical seals in the UAE. The service center shall be up and running by July end this year. Similar activities, which are in the stage of initial investigation are now getting momentum being conducted in Oman, Kuwait and Qatar for the Middle East region. Our state-of-the-art service center, which is similar to Abu Dhabi is under discussion currently in Oman, Kuwait and Qatar.

Russia has been a good opportunity and a lucrative market for us. We are putting a major thrust over there. We have participated on a continuous basis in exhibitions until now. And in the period of 12 months, we have participated in two exhibitions with great success in the recently participated exhibition in April 2025. Thus, our focus in Russia is in a strategic manner.

Other important exhibitions that we are participating in the near future are the Defence Expo in Chennai in September 2025, Pump Symposia in USA in Houston in September 2025, RoTIC in UAE in September 2025, WEFTEC in Chicago, USA in September 2025 and many other important exhibitions. Our drive towards penetration in various markets is relentless and we are committed to establishing Sealmatic as a global player or rather I would say that we already are globally recognized.

Our global markets export to more than 63 countries have demonstrated a longevity along with year-on-year growth and they will remain essential as new markets will emerge in the future. Our long-term strategy. We will continue to invest for particularly demanding applications in the API 682 oil and gas, nuclear, marine and other high-pressure temperature and speed applications.

In this manner, we'll create long-lasting value for our shareholders and employees. As a result of which, we are one of the chosen companies in the field of mechanical seals for critical applications in nuclear, marine, power plants, oil and gas, etc. We have undertaken various CSR initiatives for development of society, including education, healthcare, destitute care, women empowerment, etc.

I would like to extend great appreciation and thanks to all our shareholders for all their support and to our employees, customers and partners without whom none of our achievements would be possible. I will now hand it over to Ratan, who is our CFO, to share vital details about the year that went by. Hand over to Ratan.

Ratan Bhabutlal Kandare: Good evening, ladies and gentlemen. Dear investors and shareholders, we are delighted to present the financial results of FY2025, which showcased strong and healthy performance. On an annual basis, our sales turnover in FY '25 stood at INR101 crores, which is an increase by

42.1% as compared to FY '24, where the sales turnover was INR71 crores. We have achieved a profit before tax of INR21.27 crores during the FY2025, which is a 20% of our total turnover.

These profits earned are in line with the profit percentage earn in March 2024. We have achieved EBITDA of INR24.84 crores during the FY '25, which is a 24.18% of total revenue. Our EBITDA has increased by 11 percentage compared to previous year's EBITDA of 21.77%. Thank you.

Umar A.K. Balwa:

We are now open to questions.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question comes from the line of Arnab Bhattacharjee, an investor. Please go ahead.

Arnab Bhattacharjee:

Sir, is it possible to provide the breakup of the numbers between what was new seals which were given out versus us redoing some seals which were not working? Is it possible for you to provide the breakdown of the number?

Umar A.K. Balwa:

I'm sorry.

Arnab Bhattacharjee:

Replacement versus new?

Umar A.K. Balwa:

I can give a breakup on OEMs versus end user business in India. So, if you look at the turnover was INR101 crores, out of which 38% was for domestic sales and 62% for export sales. So out of the export sales, if you look at the percentage, how they were divided. So, if you look at Europe was constituting 42% U.S.A. was 16%, South America was 3%.

Middle East was 4%, Russia, we saw a great jump over there was 17% and the rest of the world was 19%. So that is how it looks like at the moment.

Arnab Bhattacharjee:

No, sir, I was not looking for the geographic split. I was looking for that split like the replacement versus new seals issued for that split I was looking for. I wanted to understand how much of the revenue is recurring?

Umar A.K. Balwa:

Yes. As I mentioned in the last earnings call, our majority is totally new seals at the moment. So, we are yet to see the commissioning and installation happening, which will happen in FY '27.

Arnab Bhattacharjee:

The other question is, I wanted to understand what did you share at the defence expo you can give? Was it really the marine seals, or was it something more than we know of?

Umar A.K. Balwa:

It's mainly relating to marine seals because for our kind of products, marine applications are most appropriate.

Arnab Bhattacharjee:

And any updates on the, so I wanted to understand one thing, like the seals that we make, do they work for both like currently, there is like a small core kind of nuclear work, which is being

proposed, versus the legacy nuclear fuel generators, right, nuclear power generators. I wanted to know is there any difference?

And do we provide for both kind of power generation, the small core as well as the traditional nuclear power systems or our seals cater to only one kind of nuclear power generation?

Umar A.K. Balwa: No, seals are universal, whether we have those compact reactors which are in vogue nowadays and which would come up in the near future. So, a seal would be employed both at a compact nuclear reactor as well as the conventional reactors that we see the world over. It would be applicable. It would be universal, I would say.

Arbab Bhattacharjee: Thank you, sir for answering all my questions. At this time it was awesome set of numbers and congrats to you and your team and wishing you all the best.

Umar A.K. Balwa: Thank you very much Bhattacharjee.

Moderator: Thank you. The next question comes from the line of S. Venkatesh from Mainspring. Please go ahead.

S. Venkatesh: Congratulations for a good set of numbers. My question was actually about the journey ahead. You have in the past talked about an INR275 crores turnover by FY '28. Just wanted to know broadly, considering the numbers that have been achieved, what sort of turnover you're expecting in the current financial year and over the next 3 years?

Umar A.K. Balwa: This question has been answered many times in the past. And INR275 crores, I think probably I would say there would be slight disconnect, but I'll still repeat my answer that we are looking at a growth of 15% to 20% every year year-on-year. So that's the growth that we're looking at for the current financial year and for the years to come.

S. Venkatesh: Sure. The second question was about your working capital. Last year, you reported about INR50 crores in inventories and about INR25 crores of debtors. This seems to be a rather high number. Is this likely to sustain or do you think it would come down over time?

Umar A.K. Balwa: Probably, again, this; anyway, I'll still answer them, Mr. Venkatesh. I mean the nature of the business is such that the working capital and the inventory is going to remain high, till we don't achieve that turnover of INR200 plus crores. At that time, we'll be able to rather amortize our inventory and would be able to employ the stock available in a much more holistic manner. At the moment, yes, the inventory is going to be high, and that's not going to change until we don't cross that INR200 crores mark.

S. Venkatesh: Sure. Thank you. That answers my question. Thank you.

Moderator: Thank you. The next question comes from the line of Hardik Gandhi from HPMG Shares and Securities Private Limited. Please go ahead.

Hardik Gandhi: Hello sir. Am I audible?

Umar A.K. Balwa: Yes, please.

Hardik Gandhi: Hello sir. Congratulations on a good set of numbers. Just wanted to know 2 things. First, since we started our office in the UAE for the service and repairs of the existing seals, how is the traction there? And what is the revenue we generated from that?

Umar A.K. Balwa: We are yet to start operations in Abu Dhabi. So that would be up and running in July 2025. So, there are no numbers to give at the moment.

Hardik Gandhi: Understood. And sir, given our capacity expansion, what is the, like what is the new added capacity to our existing one?

Umar A.K. Balwa: It is 65% already answered many times over the previous earnings call. So, it is 65% capacity expansion in terms of product expansion.

Hardik Gandhi: Understood. And how much are we expecting to, like till when are we expecting it to ramp up to 100% utilization or at least 70%, 80%?

Umar A.K. Balwa: I think I'll answer it once again. The new unit which has come up in Kaman will add 6% to the production capacity. So that is part one of that question. And the part 2 of that question is that we'll never be able to utilize 100% or 90% of our capacity because the nature of the product is such, it's not a line item. It's a plumbed item. So, our maximum utilization of any capacity would be a good 80%.

Hardik Gandhi: Correct. And by when are we expecting given the inflow of the orders and the demand?

Umar A.K. Balwa: By this calendar year-end December 2025, we would be seeing a peak in our capacities.

Hardik Gandhi: Understood, sir. And are we seeing any supply chain issues given our raw material is imported? So, are you seeing any problems on that side?

Umar A.K. Balwa: I mean not in the moment and despite the challenging years that went by and the geopolitical situation that we are all witnessing, nothing has changed for us. So, our supply chain is intact, and I don't see any kind of disruption happening in that direction.

Hardik Gandhi: Okay. Do we see any reasons why there should be a pressure on our margin given that we have stabilized around 20%, 22% EBITDA?

Umar A.K. Balwa: There would be, we had a good year when you talk about FY '25, that is a good year, and I wish every year would be like FY '25. There would be a pressure on margin. It all depends how much new project that we want to take while bidding money on getting those projects in the kitty over here.

So, there would be pressure on the margin. We don't see that period of where we get the replacement business of already supplied seal via OEMs and projects. So, I would be saying that, yes, for the next 2 years, we will see a pressure on the margins and we'll try and make a

nice mix of business where we bleed the same time, we don't erode our margins. So that's the goal that we want to achieve.

And probably this year, we could demonstrate that FY '25, we saw good margins, more turnover and everything was more than what we expected.

Hardik Gandhi: Understood, sir. Understood. So, going forward, our strategy would be to maintain a similar line of margin or do you think further; given that you balance this year, do you think that like in the next 2 years, there would be further reduction or this could be a conservative margin, given how you are balancing the situation right now?

Umar A.K. Balwa: I would be happy to maintain a similar margin as FY '25. But if something really interesting comes and a good project which is happening maybe in the Middle East or in India and which I feel that there is going to be long-term value addition for the company, I would definitely sacrifice margin on that business and make a long-term investment for the company and a long-term value for our business. I would definitely, I mean, look at it.

Hardik Gandhi: And do we see any big opportunities in the nuclear sector as a whole, like given there is a strong government push on that side?

Umar A.K. Balwa: As we look at the power generating capacity worldwide, so all the thermal power plants, which were active in Europe were all shut down because of environmental constraints and all of the matters. But now they are coming back with generating their own power, especially I see a lot of impetus in Germany, in France, where they are again talking about smaller reactors for nuclear power plant.

Similar activity is happening here in India when we talk about expansion in the nuclear power sector. So, we are well placed, and I see a great demand. Of course, it's a very bureaucratic slow-moving industry, but, once we are inside that business, you are going to remain in that business for many, many decades to come. So that's happening over here in India. It's happening in France. It's happening in Germany.

So, there's a lot of movement. Also surprisingly, the UAE government has installed a brand-new department for only nuclear energy. So, there's a lot of traction happening in that direction.

Hardik Gandhi: Understood, sir. And just last question from my side. On the demand side, do you see any reduction in new projects in domestic as well as international? Any kind of slowdown in your segment where your seals are required rather than the seals slowdown?

Umar A.K. Balwa: Sorry, I didn't have you finished your question? I'll...

Hardik Gandhi: Yes.

Umar A.K. Balwa: Sorry; So, at the moment, there is a slight slack in the Indian project industry, but there's a great upsurge in Middle East, especially in UAE, in Oman, in Qatar, and Kuwait, and of course, Saudi Arabia is a different planet altogether. So, we see a great, great demand over there. Just to give

you a small example that we got our ADNOC approval last year in February. And today, in May 2025, that was the last count we made, we have done almost 125 pumps.

So, these pumps will now go to ADNOC in Abu Dhabi and we'll have a recurring business, highly profitable business we see there. So similar traction we are seeing in Qatar in Oman, in Kuwait, and Saudi Arabia.

Hardik Gandhi: And in the replacement business, we are still targeting FY '27 as the start of the year where we can expect some replacement demand to come, or the good chunk should start from there on? And again, sorry to interrupt. Will it be a continuous year-on-year replacement or because since we've invested year-on-year in different companies and different plants?

Umar A.K. Balwa: Yes, it would be year-on-year. Normally, a typical life cycle of a mechanical seal is 12 to 16 months. So, in 16 months' time, it will come up for replacement.

Hardik Gandhi: And can we quantify any expected replacement demand or something like that? Or is it too early?

Umar A.K. Balwa: I wish I could. But if I would try and give you a ballpark figure, I think that would be unwise on my part. So, I would wait for a while, because not for any other reason, the only hurdle or challenge that we see is the whole plant getting commissioned. And for a huge plant, there are commissioning issues.

There are some kinds of challenges. So, delays are inevitable. That's the nature of this business. So, I would rather wait until June next year to make a proper assessment on that.

Hardik Gandhi: But when the replacement demand would come, can we expect our revenue be split between 30% replacement revenue and 70% new seals or will the replacement demand overwhelm our existing new seal sales? And will it be like 50-50 or something like that?

Umar A.K. Balwa: No, that would not happen in 2027. I wish it was something that would happen. But in 2027, no, that's when we would start our business in the end user market.

Hardik Gandhi: Understood. So we can expect 10% to 20% of our sales to be...

Umar A.K. Balwa: 10% to 15%, I would say, would be...

Hardik Gandhi: Okay. Understood. Thank you so much. All the best for the future.

Moderator: Thank you. The next question comes from the line of Shantanu Naik an Investor. Please go ahead.

Shantanu Naik: First of all congratulations at good numbers and achieving a milestone. So, my first question is about the service revenue. So, what percentage of total turnover are we expecting to derive from service revenue in current financial year?

- Umar A.K. Balwa:** None.
- Shantanu Naik:** And is there any expectation in next 2 years or like 3 years when will the service revenue start?
- Umar A.K. Balwa:** I just answered Hardik Gandhi on this question. So, the revenue for spare part business will start FY '27.
- Shantanu Naik:** Okay. Sure. That's it. Once again good luck sir. Thank you.
- Moderator:** Thank you. We take the next question from the line of, Vikash Agarwal, an Investor. Please go ahead.
- Vikash Agarwal:** Very good set of numbers. I would just like to ask one question, given that you said earlier that our capacity will peak out in December 2025. So, I know there are various types of seals and it's difficult to estimate. But can you just give us a ballpark figure what could be the peak revenue we can expect from that? And is there any further capex plan for capacity expansion as we discussed that you are targeting a 15% to 20% growth year-on-year.
- So, given that our capacity would peak out in December 2025, can we expect a capex plan coming up? And if yes, how would you look to fund this?
- Umar A.K. Balwa:** Sorry we broke in between. Can you repeat your question please?
- Vikash Agarwal:** We just discussed that our capacity is going to peak out in December 2025. So, I would just like a ballpark figure given that we have kind of we cannot give a linear estimation, but a ballpark figure, what is the peak revenue we can from it? And second part of it is, yes, we are targeting a year-on-year growth of 15% to 20%. So, is there a capex we would like to plan in near future? And if yes, how would we like to fund it?
- Umar A.K. Balwa:** The first part of the question is that we expect the peak of our capacity in December 2025. So that would, you see Kaman handles voluminous business, which you don't see a turnover and a profit on those items because those are essentials for our mechanical seals to go into projects. So those are bulky items. And these items don't necessarily get us any great revenue.
- Rather, they are a bleed or a drain on the top line as well as the bottom line. The only reason that we need to have, is a compulsion by all the EPCs to have those items to be supplied along with mechanical seals. So, when we talk about some kind of a figure that is not going to add to the top line.
- Always I mentioned that it is going to help us increase our production capacity by 65%. That does not necessarily mean that it would increase the turnover by 65%. Our turnover will only increase from FY '27 when we see those replacement markets. When we see our own seals coming for replacement, that's when we charge our rightful price and get the money for what we invest over the years. So that's one part of the question.

The second part of the question, yes, there would be capex as the company would be progressing and growing, there would be capex here and there. But the majority of capex has been taken care of, and I don't see much big investment at the moment happening.

Vikash Agarwal: Sir, can I ask one more question?

Umar A.K. Balwa: Yes, please.

Vikash Agarwal: Last year, I think we saw a good amount of marketing expense where you explained that you had to attend a lot of exhibitions which cost a lot. And some of the exhibitions are held once or twice in a year. sorry, in once in 3 years. So, do we see any further marketing expense coming up in FY '26 such that will drag the bottom line down?

Umar A.K. Balwa: Mr. Agarwal, as we speak, we are going to participate in 12 exhibitions from date until the next February. So, our investment into market is continues. We are investing a lot of our time, money and energy in the Middle East, where we see great amount of traction. We are also investing in the U.S.A. In the U.S. itself, we are participating in three exhibitions right from September until February 2026.

And similar efforts are also being made in the Middle East, where we are participating in an exhibition called ADIPEC, which is the largest exhibition in the Middle East. We are participating in RoTIC. Again, that's a very good exhibition for our kind of products. So, to answer the question, yes, we are going to invest into more and more marketing, more and more visibility, more and more engagement with customers whom we cannot reach individually.

But in an exhibition, yes, we are able to connect with many users in those 2 or 3 days of our participation in any exhibition. So, I don't see this tapering out any soon. I would be happy to continue this at least for the next 2 years.

Vikash Agarwal: Sir, I want to understand I think we are talking about a year-on-year growth of around 15% to 20% and this year, top line growth was more than 40%. So, what drove that growth? And last year, we maintained a margin of like operating margin 20%. This year, we had an operating margin of 24%. So as one of the partners speaking and that this was the best of the margins and we would like to maintain it, but we can and cannot also. So, what happened this year because of which we got this growth?

Umar A.K. Balwa: Can you repeat the last line, please?

Vikash Agarwal: The margin part, you said that this is one of the best FY '25 margin was one of the best margins that we had. And you would like to maintain it in future?

Umar A.K. Balwa: That would be incorrect because, of course, when you talk about the number in absolute terms, this is the highest number that we have got. But in terms of percentage, I would say I don't remember the year correct, but we also had 27%.

- Vikash Agarwal:** Yes, it was in March it was in 2022, 2021 '23?
- Umar A.K. Balwa:** Yes. So, it depends what is the nature of business that you're engaging yourself into. When you talk about 2023, that was purely a business of distribution, and we have not engaged ourselves with the OEMs and projects. But if really you want to be a good player and a player of recognition in this business, you need to engage yourself with OEMs and project business.
- So, I would be happy to maintain the margin that we have got in FY '25. But if I have to sacrifice my margin, that was my caveat on that answer. If I have to sacrifice for the reason of taking a big project somewhere in the Middle East or in India, I would be happy to do so because that would be creating a long-term value for the company.
- Vikash Agarwal:** But sir, if we are going for a bigger project won't revenue also grow?
- Umar A.K. Balwa:** Sorry can you repeat the question.
- Vikash Agarwal:** If we are going for a bigger project, won't revenue also we are targeting?
- Umar A.K. Balwa:** No. But I think you have missed on all the 4 earnings calls. Our nature of business is when we invest into project, it is practically below cost.
- Vikash Agarwal:** Yes. The margin?
- Umar A.K. Balwa:** It's a double-edged sword that you're playing with or fighting on the one hand, you are investing so much of money, your top line doesn't get the respect it needs and also it drains your bottom line as well. So, when you're talking about project, it's a highly complicated business. You need to be really, really vigilant and careful of how much you want to invest, where you want to invest, which are the projects.
- So, considering all those aspects, we have decided that our area of focus, of course, is India and the Middle East at the time being because geographically, it is easier to reach out. And also, culturally, it is easier to do business in Middle East and in India because we deal with Indian expats in the Middle East. So, I would be happy to maintain the current margin. But if I have to sacrifice, I would happily do so.
- Vikash Agarwal:** Sir, but if you are dealing with a project when we get a replacement business starting in FY '27, the margins in those business also would be lower or it would be higher?
- Umar A.K. Balwa:** Of course, higher. Why would you invest into a project if you are not able to recover your margins in the future business? So that definitely would be higher. Like it's like your automobile, you buy an automobile, which is the capital equipment, but your servicing cost and your spare parts are hitting the ceiling now.
- Vikash Agarwal:** Yes. Sir, what kind of margin can we expect from the replacement business?
- Umar A.K. Balwa:** I'm not into astrology. So, I'll not be able to answer that question.

- Vikash Agarwal:** Understood. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Paras Chheda from Purpleone Vertex Ventures. Please go ahead.
- Paras Chheda:** I'm new to our company and unfortunately join also a little bit late on the call. But just what I gathered from a couple of conversations, we are close to peak capacity for our facility in the next six months or so, right? And there is an aggressive marketing campaign that we are probably trying to run across the globe.
- So, I just wanted to understand, this 15%, 20% growth and where can it come from? And of course, marketing campaigns are essential if you've got the capacity. So that one question I have not understood, how does it tie with the current capacity constraint that we might have in the next couple of years? Because unless you invest into new capacities, that's a different thing.
- And secondly, also, I wanted to understand, sir, what is the reason of this huge inventory in terms of inventory base that is there. Of course, I don't necessarily understand the nature of the business. So, I just thought sort of get it from you, sir?
- Umar A.K. Balwa:** Mr. Chheda, this has been a question I've answered so many times. So, it's the nature of the business. And please excuse me for not answering this question. Now I've answered it many times. So, can you move on to the next question, please?
- Paras Chheda:** Yes. So the first question, if you can answer, revenue guidance that you've mentioned 15%, 20% and the capacity I heard on the call as of -- I just got late is that...
- Umar A.K. Balwa:** Let us take one question at a time.
- Paras Chheda:** Yes, there's only one question, sir. I'm just trying to connect the two dots. There's only one question. There is a 15%, 20% expectation of revenue growth, whereas the capacity is also peaking and marketing is going to be aggressive is what I've heard, these three things?
- Umar A.K. Balwa:** Yes.
- Paras Chheda:** So, I mean what is the reason of that marketing campaign when the capacity is limited? That's question one?
- Umar A.K. Balwa:** Let us pause over here. So, I mean, when we talk about peak is that, our, we'll achieve our peak capacities, not in terms of utilization. When I say peak capacity is that when we'll have alignment of all the equipment and we'll have a trained manpower to do this business. So, by this year-end, we'll be all ready to unleash the additional 65% capacity. It may not necessarily mean that I'm going to utilize that entire 65% capacity in December 2025.
- So, I think there was a kind of a misunderstanding. Let me clarify that. Now the second question is that from where do we get the business. Of course, we are going to get the business, and that's

been happening over the last 12 years that our company has increased its business by 15% to 20% year-on-year.

And we are putting all these efforts in the market. And then also, if you look at the journey of the company in the last four years' time, we have been able to rope in many good companies globally out of Europe, also the counterparts in India and those businesses are growing. So, when we talk about Europe, we had a distribution model in our earlier days.

Now we are now further engaging ourselves with the OEMs in Europe. And we see a lot of good traction over there, a lot of good response over there. So that business will come. We are doing many projects over here. So, when we say our business is going to increase until February last year, I did not have approval from, say, ADNOC or Kuwait Oil Company.

So, these two approvals itself are opening floodgates for us. So that will also generate additional businesses for us, which was not there for us because unless and until you are not appearing in the approved vendor list of, say, ADNOC or a SABIC or a KOC or a PDO Oman or Qatar Energy, you won't get those inquiries, how much ever you may qualify, but if you don't appear in the AVL, you don't get those inquiries.

So now we are appearing in ADNOC, we are appearing in KOC, we are appearing in Oman. So that itself is going to purely give us growth in our business.

Paras Chheda: Right, sir. So just two queries to that. One is now that's a good thing that I heard. You appeared on one of the prominent clients lists at least now, it seems. So now if you've added customers, are you looking at significantly expanding capacity to meet that incremental demand?

Umar A.K. Balwa: Mr. Chheda, expansion of capacity has never been an issue for a company like Sealmatic. It is just renting out additional space and putting equipment. The challenge over here is to get business. The challenge over here is to penetrate with customers, which are multinational, which are multibillion-dollar companies.

They have their own set of approvals. Sometimes it takes years and years before you get your final approval. So that's the challenge. To increase capacity has never been a challenge. I can replicate what we have today, both in Mira Road and Kaman in the next six- or eight-months' time if it comes to that. So, expansion or a capacity constraint is not a problem for us. The challenge is to get business.

Paras Chheda: Understood. So basically, demand-led capacity can come in, in a short period of time is what I understand?

Umar A.K. Balwa: Absolutely.

Paras Chheda: Understood. And generally, sir, of course, I've heard 15%, 20% potential growth guidance for the next couple of years. But I mean, in general, do you have a sort of a vision which you're working with 3, 5 years down the line? I mean, any particular number that you're looking at in terms of internal targets, etc?

- Umar A.K. Balwa:** See, on middle term say by 2028, 2029, I would be happy to cross INR225 crores.
- Paras Chheda:** Okay. Understood. Thank you so much, sir.
- Moderator:** Thank you. The next question comes from the line of Santhish Karunakaran from Financial Finesse. Please go ahead.
- Santhish Karunakaran:** I have one question related to that 15% new market. We said we will be able to possibly be targeting 15% of the market. So how are we doing on that target?
- Umar A.K. Balwa:** Mr. Karunakaran I'm not able to get the question. Can you please rephrase the question?
- Santhish Karunakaran:** Yes. In the previous conference calls, you mentioned that we are targeting 15 percentage of the new market, which is coming up in India. So how are we doing on that? Are we able to meet that target line?
- Umar A.K. Balwa:** Yes, absolutely. What I'll again reiterate for everybody who's on the call that what I mentioned earlier, and I'll reiterate now that any new pump in the API segment, which is oil and gas, refinery, petrochemical and power plants, any new pump being manufactured we'll have a Sealmatic mechanical seal fitted in that pump. And in that market, we are targeting a share of 15%.
- Santhish Karunakaran:** Okay. So, we are able to meet that?
- Umar A.K. Balwa:** Absolutely, yes.
- Santhish Karunakaran:** The second part question was, see, you have already mentioned that Sealmatic got into the approved vendor list for many of those big players. So, is our turnover a challenge for us to go for the courts? Or are we able to go ahead and then give our quotations?
- Umar A.K. Balwa:** There is no challenge as such when you are doing a project. The only challenge is that how much you want to drain, how much money you want to drain on a particular project. So, you need to be careful. And that is why I said if money was available and if somebody gave me INR100 crores and would just say that I will not ask any question, I would definitely take 60% of the market because you need to bleed on those, on the new business on the projects.
- So, there is no constraint. There's no challenge. Techno commercially, we are qualified. Application engineering wise, we are one of the best globally, I would understand, not only in India, globally. And we are well placed, and we are the preferred vendor for mechanical seals with all the OEMs and projects. And I'm very proud to say that the ecosystem of mechanical seals cannot function.
- I'll repeat myself, cannot function without Sealmatic. So, any new project coming up where I am qualified and where I'm appearing on the data sheet, the inquiry will come to me, and without our quotation, the OEM or the project company will not finalize that order. We have come to a stage where without a quotation from Sealmatic, nothing will be finalized. That is where we are.

- Santhish Karunakaran:** Okay. And also, you mentioned that while we sell the initial seals, maybe we are not taking too much profit on that. Maybe we are suffering a slight loss there. So that could be one reason why we may not be trying to sell so many in the early days, right? So, we really want the O&M to kick in and then bring in the profit along with the new orders. Is that the right understanding?
- Umar A.K. Balwa:** Yes, that's correct, Mr. Karunakaran.
- Santhish Karunakaran:** Okay. The last question. You have a tie-up or a collaboration in U.S., Russia. So, are we taking up the O&M there or are we only supplying the seals there?
- Umar A.K. Balwa:** In Russia?
- Santhish Karunakaran:** Yes.
- Umar A.K. Balwa:** In Russia, we are supplying to various Russian oil and gas companies directly via agents in Russia.
- Santhish Karunakaran:** So, the O&M also will come to us, right, at some point of time?
- Umar A.K. Balwa:** The repeat business?
- Santhish Karunakaran:** Yes.
- Umar A.K. Balwa:** Yes, this will always come to us.
- Santhish Karunakaran:** Okay. Thank you. That's all from my side.
- Moderator:** Thank you. The next question comes from the line of Hardik Gandhi from HPMG Shares and Securities Private Limited. Please go ahead.
- Hardik Gandhi:** Just one small thing I remember that we had a fundraising, which was cancelled, right? So, are we seeing, given that there's a recovery in the market, are we willing to raise funds again? Or are we very comfortable in our cash position and future plan?
- Umar A.K. Balwa:** Hardik, on a lighter note, I'll just answer this question. The right time to invest in Sealmatic was in March, April, where the share prices for all the companies were down. And I was hoping that somebody would come by the way. So, I mean, of course, we are looking at investments. We are looking at preferential issues. I mean that is there in the mind. So, I would not say no to that.
- Hardik Gandhi:** But the requirement is for what reason, I just wanted to know that if in case you raise funds, the funds will be used for what exactly?
- Umar A.K. Balwa:** When money is there, you find ways and ideas to deploy them. So, there are many interesting ideas in the mind at the moment. So, if money is available, definitely, I would like to go to U.S.A., start something reasonably good over there. I start something really good in Europe. So,

I would also heavily further invest into in the Middle East. So how we have done in Abu Dhabi, which is a joint venture between us and the local partner over there.

I would like to replicate in all the GCC countries. So, I mean, there are many, many ways by which you could deploy money and expand the business and get more revenue for the company and make a long-term value for the company for years to come.

Hardik Gandhi: Understood. All the best sir. Then I think hearing after this, a lot of people will have peak interest in helping you raise the fund.

Umar A.K. Balwa: Thank you very much. Thank you, Hardik.

Moderator: Thank you. We take the next question from the line of Vikash Agarwal, an Investor. Please go ahead.

Vikash Agarwal: This is just for the apology if we create any disturbance asking you the question. After hearing all the questions answered I really appreciate and I understood the kind of business we are into. Thank you.

Umar A.K. Balwa: Thank you very much.

Moderator: Thank you. As there are no further questions, I would now hand the conference over to Mr. Umar A.K. Balwa, Managing Director of Sealmatic India Limited for closing comments.

Umar A.K. Balwa: Thank you so much, Ryan. And for more than 57 participants and it is encouraging that there is keen interest in Sealmatic. I thank everybody for taking out their valuable time and attending this earnings call and also asking interesting questions. And while answering those questions, it also brings out a lot of conviction.

We are confident that Sealmatic is on the right path and Sealmatic will have a glorious journey as we move forward, thus making Sealmatic as one of the leading companies, not only in India, but globally as well. So, I thank you all for your attention. I look forward to seeing you all on our next earnings call. Thank you so very much.

Moderator: Thank you. On behalf of Sealmatic India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.