



Date: February 3, 2025

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BSE Security Code: 531279  
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The Company Secretary  
The Calcutta Stock Exchange Limited  
7, Lyons Range  
Kolkata-700001  
CSE Scrip Code: 10030166

Dear Sir/Madam,

**Sub: Transcript of the Earnings Conference Call held on January 29, 2025 to discuss the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2024**

In continuation to our letter dated, January 29, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Earnings Conference Call held on January 29, 2025, to discuss the Unaudited (Standalone and Consolidated) Financial Results of the Company for the quarter and nine months ended December 31, 2024.

The same will also be made available on the Company's website.

Kindly acknowledge and take the same on records.

Thanking You,

Yours Faithfully,  
For **Trishakti Industries Limited**

**Kiran Joshi Das**  
**Company Secretary & Compliance Officer**



**Trishakti Industries Limited  
Q3 FY25 Results Conference Call**

**Moderator**

Ladies and gentlemen, good day and welcome to Trishakti Industries Limited Q3 FY25 Results Conference Call hosted by Ventura Securities 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 conference call, please signal an operator by pressing \* and then 0 on your touchtone phone. Please note that this conference is being recorded. Before we begin, I would like to point out that this conference call may contain forward looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

I would now like to hand over the floor to Mr. Gulshan Singh from ConfideLeap Partner. Thank you, and over to you, sir.

**Gulshan Singh**

Thank you, and good day, ladies and gentlemen. My name is Gulshan Singh from Confide Leap Partner. We represent the Investor Relation for Trishakti Industries Limited. On behalf of Ventura Securities and Confide Leap Partner, I warmly welcome you all to Trishakti Industries Limited first ever Q3 FY25 Earning Conference Call. The company is represented today by Dhruv Jhanwar, the CEO of the company. I would now like to hand over the call to Mr. Dhruv for his opening remarks. Thank you and over to you, sir.

**Dhruv Jhanwar**

Thank you, Gulshan. Hi, everyone. My name is Dhruv Jhanwar. I am the CEO of Trishakti Industries Limited. So, as you all join us, I would like to thank you all. It is an exciting moment for Trishakti Industries Limited

as present our first ever Earnings Call during this transformative period of the company. Before we dive into the numbers, I want to take a moment to reflect on how far we have come. Trishakti Industries began its journey in the oil and gas sector, supplying drilling of equipment's to ONGC, participating in global tenders and providing allied services. While this legacy was really strong, we recognized an unparalleled opportunity in India's booming infrastructure sector.

In Q1 FY25, we made a strategic shift focusing entirely on the heavy equipment hiring services. This decision was driven by the massive demand for advanced infrastructure projects in India and our belief is that this sector would offer sustainable high margin and high growth opportunities over the long term. To support the strategic shift, we have committed to INR 400 crores CapEx plan, which is to be executed over the next 3 financial years. First year, we'll be doing INR 50 crores which is FY25, then INR 100 crores in FY26 and then INR 250 crores in FY27. Through a combination of internal accruals and debt, this approach ensures disciplined growth while maintaining financial stability. On this CapEx, we expect to generate an ROCE in the range of 22-25% with an average blended yield of 2.2% per month and an operating profit margin of 60-65%.

Now let's dive into the operational and financial highlights of our company. Our heavy equipment fleet comprises of cranes, man lifters and heavy earthmoving equipments procured from some of the best companies in the industry. These machines are renowned for their superior quality, higher efficiency and minimal downtime, ensuring maximum performance. To this state-of-the-art fleet, we are serving over 100 clients across India in more than 20 different industries, including metro rail, power, construction, energy and many more. Additionally, we are already a registered vendor from many blue-chip companies, including Tata Steel, L&T, RVNL, Jindal, etc.

This leverages our legacy business to enable quick turnarounds and seamless initiation of projects with the big corporates. Furthermore, we are continuously expanding our client portfolio and strengthening our market positioning. In terms of financial performance, our Q3 standalone revenue from equipment hiring stood at INR 1.75 crores, a QoQ growth of 214%. The operating profit was INR 1,20,00,000 representing a robust margin of 69% well within our guidance range. Consolidated revenue for Q3 FY25 stood at INR 1.57 crores with an operating profit of INR 99 lakhs and a margin of 63%. Power fleet utilization stood at a remarkable 100 % during Q3 FY25. The sequential revenue dip is attributed to our ongoing transition into the equipment hiring business, which commands significantly higher operating profit margins and compared to our previous business operations.

As our business fully transitions into an equipment hiring business, our financial statements will stabilize and reflect consistent growth moving forward. Also, I would like to mention a few key contracts and some strategic positionings our company has been able to achieve. During the quarter, we achieved significant milestones with marquee contracts, including INR 9 crore deal with KEC International and INR 6 crore deal with PPEL, which is a subsidiary of the Jindal Group, and we also bagged a few more contracts. These

contracts highlight the scale of our operations, and the trust placed in us by the large corporates showcasing our credibility and growing market positioning. With India's infrastructure sector poised for rapid growth, Trishakti Industries is strategically positioned to capitalize on this momentum.

Our commitment to disciplined CapEx deployment, operational efficiency and client satisfaction ensure that we will remain trusted partners for all major infrastructure projects across the nation. Going forward, we aim to expand our fleet further and capture a larger share of the equipment hiring business and deliver sustainable growth in revenue and EBITDA as well. We will remain focused on creating value for all our shareholders through profitability, scale and efficiency. This is just the beginning of an exciting journey for Trishakti Industries Limited, and we are confident in our ability to achieve significant growth in our business alongside playing a key role in India's infrastructure growth story. With that, I conclude my remarks and open the floor for questions. Thank you for your continued support and trust shown in Trishakti Industries Limited.

**Moderator**

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press \* and 1 on your telephone keypad and wait for your name to be announced. If you would like to withdraw your request, you may do so by pressing \* and 1 again. Ladies and gentlemen, if you have any question please please press \* and 1 on your telephone keypad. First question comes from Abhishek Rao, an Individual Investor. Please go ahead.

**Abhishek Rao**

Hi. Am I audible?

**Dhruv Jhanwar**

Yes.

**Abhishek Rao**

Yes. First of all, Dhruv, congratulations on a great set of results and looking forward to such great results going forward. My first question is, so what are the different types of equipments we provide on rental? And what are the revenue yields and the EBITDA yields for each, right, if you could throw some light on that? And my second question is, what is the average interest rate on our current debt, right, which we have on our balance sheet and what is the average tenure, if you could also throw some light on that? Thank you.

**Dhruv Jhanwar**

Yes, of course. Sure. Thanks for the question, Abhishek. So, coming to your first question of what kinds of equipments we have and what are the EBITDA yields. So basically, our heavy equipment fleet comprises of cranes, man-lifters and heavy earthmoving equipment. We procure these equipment from the best of the best companies possible because we prefer that we get really good build quality so that the machines can last longer. So, these machines are renowned for the superior quality, higher efficiency and minimal downtime. And also in the future, we are looking forward to expand our catalogue more into other equipments.

So, we'll be entering port equipments and a few more industries as well. So, under the cranes segment, we have 2 types of cranes that are the crawler cranes, and the telescopic truck mounted cranes and man lifters are calculated on a feet basis or a metre basis. So, we have just closed the purchase of the biggest man lifter possible in India, which is a 220 feet man-lifter. So that man-lifter also we have closed the purchase, and I think there are only 10 to 12 units in India of a 220 feet man-lifter. So, the cranes generally give us a base rental yield of 2.2% per month on the gross block and the man-lifters generally give us a rental yield of around 2.65-2.7% EBITDA margins on the gross block. So, if you see, we are able to generate revenue of around 2.7-2.8% on a monthly basis and the EBITDAs are left with us are 2.2% in the cranes.

Man-lifters we are able to generate revenues of around 3.7-3.9% and we are left with 2.65-2.75% EBITDA margins. So, this actually translates to an operating profit margin of 70-75%. And these margins will keep like it will stabilize in the coming quarters because right now we are strategically shifting from our other business segments into infrastructure segment. So, from this quarter onwards, you will see a more stabilized P&L statement from our side. And what was your second question, Abhishek, can you please repeat?

**Abhishek Rao**

Yes. My second question was, what is the average interest rate on our current debt that we have on our balance sheet? And also, what is the average tenure of the debt?

**Dhruv Jhanwar**

Yes, of course. So, see the average tenure of the debt is 4 years as of now and the average interest cost, we have seen is around 8.8-9%. So of course, we have committed to a very big CapEx plan. So for that, from now on, things will be a bit different. First of all, we will be increasing our debt tenure from 4 our years to 5 to 6 years, so that we are way more cash flow positive. And also, if we increase it to 6 years, then the interest component on our P&L statement goes down. So that will help us to bring the PBT and PAT a bit more on the upper side.

**Abhishek Rao**

Got it. Thanks a lot, Dhruv. I will get back in the queue. Thank you.

**Dhruv Jhanwar**

Sure.

**Moderator**

Thank you. Next question comes from Rohan Mehta from Ficom Family Office. Please go ahead.

**Rohan Mehta**

Hi, Dhruv. Am I audible?

**Dhruv Jhanwar**

Yes, you are audible.

**Rohan Mehta**

Great. So, thank you so much for the opportunity. I have 2 to 3 sets of questions. So, the largest player in India from the lens of equipment rental, they have lowered their FY25 CapEx guidance, and they cited that they are seeing signs of slowdown. So I wanted to understand what gives you the confidence to enter the equipment rental market at this stage?

**Dhruv Jhanwar**

Okay. So let me answer that question first. So, see basically, we had an ONGC related business earlier, oil and gas related business. So, we were always the vendors of bigger companies like Reliance, Jindal and all these players already. So, what we saw is that when we used to get their RFQs, so they had massive demand related to this particular sector. Till now also we are receiving 10-15 requirements per day, but we are not being able to fulfill that because obviously we are depending on our internal accruals as well. So, it is a 60-day process.

So that is as and when we are able to expand, we are expanding. But the demand is so much that is the reason why we have particularly selected this very industry. And honestly, this very industry, this might be a very big industry and a very normal thing for most of the people but if you are entering cranes above 100 tonnes, 300 tonnes, 400 tonne cranes, then obviously one crane is damn expensive. So not many people in India can purchase newer equipments which average cost is more than INR 5 crores. So, this brings our industry a very niche industry. So, this really helps us to penetrate the market properly.

**Rohan Mehta**

Got it. And just to follow-up on that, so could you provide a bifurcation of your crane fleet in terms of capacity? Say, how many are above 100 MT, how many are below 100?

**Dhruv Jhanwar**

Can you a bit louder please?

**Moderator**

Rohan your voice is not clear.

**Rohan Mehta**

Yeah. So, just to follow-up on the answer you provided. So, can you provide a bifurcation of your crane fleet in terms of capacity, like how many are above 100 MT and how many are below that?

**Dhruv Jhanwar**

Yes, of course. See, generally what happens is that we have a business mantra that we do not want to enter the lower tonnage machines because the lower tonnage machines of 40 tonne, 50 tonne, 60 tonne cranes are flooded in the market. So, our business model is that we only concentrate on the machines which are above 100 tonnes. So, because 100 tonnes machines are generally 150 tonnes, 250 tonnes machines, it's very expensive also. So, the demand for that machine is a lot, but the supply is not there in the market.

So, what we try to do is that we only buy machines above 100 tonnes. Of course, we have some 80 tonnes machines also, but those 80 tonne machines are working as a pair for the 250-tonne machine, for the 150, 160 tonne machines. So, whenever we win a contract, we generally win it in a way that if you are giving a 250-tonne machine, then a supporting crane of an 80-tonne machine also has to go with it. So, we are only focusing only higher tonnage machines. And the biggest advantage is that generally the resale value of higher tonnage machines is way more than the lower tonnage machines, because the higher tonnage machines is not used for 12 hours or 10 hours a day, but the lower tonnage machines are generally used for 10-12 hours a day. So that is why we get really good resale value when it comes to machines like 250 tonne, 400 tonne, 300 tonne, these kinds of machines.

**Rohan Mehta**

Got it.

**Dhruv Jhanwar**

I hope that answers your question.

**Rohan Mehta**

Yes, it does. And one final question, from which company per se are you procuring your cranes? And what sort of credit terms, if any, are offered on these purchases?

**Dhruv Jhanwar**

Yes. So see, this is something which is a confidential thing between us and the OEM because obviously the OEM is selling to hundreds of companies in India. So, we do have a lot of credit days, but I cannot tell you the exact credit days. But, yes, we prefer only Sany India. Sany's machines are generally 20-25% more expensive than a normal Zoomlion machine. But the problem with Zoomlion, first of all, let me tell you 3 types of OEMs which are there in India. The number 1 is Sany, number 2 is XCMG, then comes Zoomlion in terms of build quality. So, we are only purchasing Sany machines because although we are paying 20-25% extra margin or extra money for the CapEx, but the downtime of the machine is negligible.

And Sany also gives us 3 years of warranty with our machine. So, for the first 3 years, like I don't have any extra cost on the machine, which other companies generally do not give. So, the cost is more of Sany, but the build quality is very nice. Like in India, till date, in our 10 months of business, we have not even seen 2 days of breakdown or anything in Sany machines. So, there are competitors who purchase Zoomlion machines for 30% cheaper, but of course, the machines are not very strong enough to go for bigger projects. So, when it comes to blue-chip companies like Tata, Jindal and all, they will not accept any other machine other than Sany.

So, this is the bigger advantage we have that if you want to penetrate the market, then you have to work with the best OEM so that the bigger blue-chip corporate companies, they come to you for the machines. If I build a fleet of Zoomlion, I could have had higher returns, but obviously in the longer term like 5 years, 6 years down the line, it would be a disaster to buy such machines. So that's what we like we want to go for quality rather than quantity.

**Rohan Mehta**

Got it. That's all from my side. Thank you so much.

**Moderator**

Next question comes from Rahul, an Individual Investor. Please go ahead.

**Rahul**

Hi, Dhruv. Hello? Am I audible?

**Dhruv Jhanwar**

Yes, you are audible.

**Rahul**

Yes. Hi Dhruv, can you just tell us about the CapEx plans for the next year, like financial year 2026 that you have in mind?

**Dhruv Jhanwar**

So, what exactly is your question?

**Rahul**

What is the CapEx that we have planned for next year?

**Dhruv Jhanwar**

Okay, yes. See, we have a very ambitious CapEx of INR 100 crores for the next financial year. But see, honestly, when we started this CapEx journey, even a INR 50 crores CapEx was a very aggressive thing which we had claimed. But as you can see in our P&L reports, the segmented assets, we have achieved INR 36 crores of assets by Q3 only. So, we are 72%, 75% done with our CapEx for this financial year. So, coming to your question, for the next financial year, the INR 100 crores CapEx, we are planning it as a combination of debt and internal accrual. And if we need to raise any equity in future, it is a different thing altogether. But for now, we can only comment that we are totally banking on a combination of debt and internal accruals for the next INR 100 crores of CapEx.

**Rahul**

Okay, that's fine. And that's great. Dhruv, another question, another follow-up is that what is the total debt equity that we are currently on?

**Dhruv Jhanwar**

We are currently at a debt equity of less than 1. I know it is very less, but in future, of course, when we go for higher CapEx, we will take our debt up as well. So, for now, we are very comfortable because these cash flows will actually help us to purchase more machines as well. So, in the first year of the business, in the first INR 50 crores of the CapEx, we do not want to expand in such a way that our top line will be the same for the next 3 years. So of course, to investors also getting EBITDA is fine, but the real deal is the cash flow. So that is the reason why right now we are at a debt to equity of less than 1, but in future we will obviously keep expanding more for the next INR 100 and INR 250 crores of expansion.

**Rahul**

And we expect the EBITDA margins, gross margins to remain in the same range around 70%?

**Dhruv Jhanwar**

See, right now, we are able to clock 69-70% maybe we will be able to clock 75% also. But in the longer time frame, I will tell you, in a year or 2, we have already given the guidance that we will be able to achieve 60-65% of EBITDA margins. So that is something which we are very confident on that we will be able to achieve 60-65% in the longer term. In short term, it is possible for us to achieve 70-75% as well because right now for the first 3 years, we don't have any further expense on the machines because it is all taken care of by the OEM. So, for the first 2 to 3 years, it is not an issue. But after that, like a very slight drop can happen, but that will also be well within our guiding range.

**Rahul**

Okay. And just another thing I wanted to understand, like we are buying machines and suppose the risk that we have is we do not get a contract, or the machine is dying. Can you throw some light or is it that we first get the contract from a company and then we buy the machines? Can you just explain the process if possible?

**Dhruv Jhanwar**

See right now, the biggest advantage for us is that all our machines are 2024 make. So, our full fleet is absolutely brand new. So, right now, see, I will tell you what happens is that first we get, we are vendors of almost all the big-chip companies, which is very rare in our business. So, we are vendors of all Jindal

companies, all Tata companies, ITD Cementation, KEC International, Adani Power, Adani Port, we are working with everyone. So, what happens with that on our platform, we generally keep getting requirements on a daily basis.

So, whenever we get requirements and the machines is also ready with the OEM, so whenever we find this kind of a combination, then we end the purchase of the machine. But the very strategic thing to this as well that, of course, buying the machines is not an issue, but we have to have our own survey of where the machines are going. So, whenever we see, first of all, we send a team of 4 to 5 people to any site before we give the machines. We see that if the site, how mature the site is. So, if we feel that if the worksite, the cranes will be there for 2 to 3 years minimum, then we tend to give them the cranes or the man-lifters or anything else.

So that is why because if we are having a contract of 2 to 4 years, then it is very much easier for us to have the average fleet utilization next to 100%. If we sign short term contracts like 3 months, 4 months, that might give me better rental yield, but my fleet utilization will keep going down. So, this is the reason why we tend to sign contracts in which the timeframe is longer.

**Rahul**

Fine. And that's great to know. Another thing like, just wanted to, can you just highlight what is the demand that we see for the next 3 years? Like, if you can just on a general note, can you just tell us?

**Dhruv Jhanwar**

Yes. See for the demand for the next 3 years, I feel it is extremely high, like extremely high. I don't know about our competitors, but we are getting requirements of 10-15 machines every single day. And honestly, I personally feel as a business owner and seeing the on-ground stuff, which is happening in India, the next 10-15 years there is going to be a massive boom in this industry, not only for us, but also for other players. This is going to be a very good thing because all the blue-chip companies you are working with us right now, they all are having their capacities increased in the next 3 years.

So, everyone, be it Tata Steel, be it Jindal, they all are expanding like anything. So obviously, if you're ranking on if your clientele is only the PSU side, then obviously, it is all about the government spending. But when it comes to individual blue-chip companies which we are working with, so they have a different set of capacities which they are increasing. So, when we are working with them, we can see that the demand is going up like anything. So, in the next 10-15 years, I don't see a drop in the demand at least for now.

**Rahul**

So, from this, what I can understand is that we can actually pick and choose orders for the next 2-3 years like depending on the machine availability and the portfolio that we have on machines, right?

**Dhruv Jhanwar**

Yes, of course. See, right now it is a buyer's market for us because right now we are getting so many requirements of different kinds of machines. So, for us, right now it is up to us in which capacities we want to expand in future.

**Rahul**

So, can you just elaborate like which will be the segment machines that will be focused on? Like it will be like as you said earlier also like it will be high-capacity machines like above 250 MT or sorry above the 100 MT. So, something like that, like what could be, what would differentiate us from like others? So that is what I wanted to understand.

**Dhruv Jhanwar**

See if you are asking for our differentiating factors, I would say that our biggest moat is our machines. All our machines are 2024 make. They are brand new machines, and the build quality is just superb. So, if you see, for us, this is our competitive advantage. So, for the next 8-10 years, our machine life is also a lot, but when you work with the blue-chip companies, they have an age criterion. So, for us, we have to sell out all our machines and buy newer machines every 8 to 9 years because first of all, that allows us to stay updated with the market and we also have the latest technology and equipment at all times.

So, if we follow this kind of a thing that we are selling out all our cranes in 8-10 years and then we are again buying newer machines with higher capacities, so that will actually help us be different from our competitors. Some of our competitors have machines which are 20, 25 years old as well. So of course, no big company will actually take those machines. So, everyone has an age criterion of 8-10 years. So, we try to follow that only. And of course, we will be only expanding in the higher tonnage machines of above 100 tonnes and we have recently closed the purchase of a 250-tonne machine also and we are in talks of 400 tonne machine as well. So as and when the demand is coming for the higher tonnage machines, we are trying to expand in those.

**Rahul**

Thank you, Dhruv. That's it from my side. I will join in the queue.

**Dhruv Jhanwar**

Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. We have a follow-up question from Abhishek Rao, an Individual Investor. Please go ahead.

**Abhishek Rao**

Yes. Thank you very much. So, Dhruv around the segmental revenues, right? I believe in our results we have 3 segmental revenues, right, heavy equipment, consultancy and others. So, could you throw some light on what these other 2 verticals are apart from the heavy equipments and what exactly is that business?

**Dhruv Jhanwar**

Yes. I was actually hoping somebody would have asked that question. So basically, throwing some light on it, so yes, we had 3 segmental results, 3 segmental revenues, but as you can see, we are shifting our focus on only the heavy equipment business. So, if you check out the Q1, Q2 and Q3 results on a segmental revenue basis, we started off with a revenue of only INR 8-9 lakhs in Q1 because we just received the machines, so the machines' run time was very low in the first quarter. In Q2, it jumped to INR 81.5 lakhs, so which is a significant jump.

And in Q3, we have closed INR 1.75 crores. So, if you see that we are only focusing on the heavy equipment rental business because we see that the future in this business is a lot, the demand is amazing and the biggest advantage for us is that we are only focusing on the high-tonnage machines. So, the other business segments, if you can see in this quarter also had negligible contribution to our overall standalone revenue. So, this will be like this only from quarters to come.

**Abhishek Rao**

Great. Understood. And Dhruv, just one more question, right. So, for our assets, how do we depreciate them and over how many years, if you could explain that as well for our cranes and other heavy equipment assets?

**Dhruv Jhanwar**

We follow the SLM method to depreciate our assets and since we procure the machines throughout the year and not like right at the beginning of the year, so it is difficult to tell you the exact figures, but if you

want to know the number of years then it is around 7-8 years, we depreciate our assets. We follow the SLM method.

**Abhishek Rao**

Got it. So, 7-8 years, right?

**Dhruv Jhanwar**

Yes.

**Abhishek Rao**

Okay. Got it. Yeah. Thank you. I will get back in the queue. Thank you.

**Moderator**

Thank you. Next question comes from Farhan Amlani from SJ Investments. Please go ahead.

**Farhan Amlani**

Good afternoon, Dhruv ji. I just had a couple of questions. So, firstly, what does our current order book look like? And, what does our typical working capital cycle look like?

**Dhruv Jhanwar**

Yes. See, in terms of machine values, we already have around INR 25-30 crores of machine orders, which we have to fulfill in this quarter. So, this shall take our CapEx above our guidance for this financial year. So part one of your question is answered. Can you repeat the second part?

**Farhan Amlani**

Yes, our working capital cycle.

**Dhruv Jhanwar**

Yes, working capital cycle. So, see, right now, our working capital is only we need only 60 days timeframe because, I will tell you a very brief answer on this. When you are working with the blue-chip companies, you have facilities from the banks to discount the bills as well. Right now, we are not doing that because

it is not a requirement from our side. Generally, our working capital requirement is of 60 days. If you go to any subcontractor, their payment generally comes in 5 to 6 months.

So that is the only reason why we only stick to the blue-chip companies, because the blue-chip companies, the biggest advantage is they will pay you within the first 60 days or even if they take suppose 60-65 days, then you will discount the bills. So, our working capital requirement is honestly negligible as of now. But obviously, when we do further CapEx, some requirement will be there. But on a payment cycle date, then our payment cycle is 60 days, not any more than that.

**Farhan Amlani**

Got it. So, I guess that will also enhance our ROCs. So that will be helpful.

**Dhruv Jhanwar**

Of course, yes.

**Farhan Amlani:**

Got it, great. Thank you so much, Dhruvji.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. Next question comes from Anshul Mittal from Tiger Assets. Please go ahead.

**Anshul Mittal**

Hello. Hi, sir. Thank you for taking up my question. So, I wanted to check with you guys what is our average rental yield on the current asset which we have and the yield which we can generate on the further upcoming CapEx that we are going through?

**Dhruv Jhanwar**

Yes, sure. Good question. So see, it all depends on the type of products. Although we might have INR 1000 crores in current assets, but all will be different. So let me tell you the breakdown of different categories. So, our cranes business which is hydraulic cranes, truck mounted cranes and crawler cranes, they give us a blended yield of 2.2-2.3%. Now this depends generally on the second half of the year, the H2 side of the year, the over times are a lot. So generally, these yields go from 2.2-2.4% also. It all depends on the market conditions at that time.

Now when it comes to man-lifters, the boom lifters, they gave us a blended yield of 2.65-2.75% and it is the same thing that in the second half of the year, we expect them to generate more revenue because more overtime is done on our machines. So, if you go for the revenue side, on the man-lifters, we generated 3.7-3.8% of revenue. The EBITDAs, the blended yields are left at 2.65-2.75% and in the crane segment, our blended deal is 2.2-2.3% and our revenue goes up to 2.7-2.85% on the gross block.

**Anshul Mittal**

On the gross block, okay.

**Dhruv Jhanwar**

On a monthly basis, of course.

**Anshul Mittal**

On a monthly basis, yes. That's what I was saying.

**Dhruv Jhanwar**

Yes. So, this leaves our ...

**Anshul Mittal**

So close to about 25-30%. 25-30% will be on an average revenue yield annually.

**Dhruv Jhanwar**

Yes, of course. Not 25%, it will be more than 29%, it will be in between 29-34% depending on the market conditions.

**Anshul Mittal**

Correct. Understood. And sir, with respect to our peers, while onboarding our client or while onboarding some client for us, sir, does the client look at this as a competitive rental yield or how do they compare us and what is the onboarding process of a client, sir?

**Dhruv Jhanwar**

Yes. See, this business is all about relationships. Now, the clients will obviously... we want better rates, the client wants lesser rates. So, they will obviously go for many, like they will go for like they have 10 vendors, and they will quote all 10 vendors a price. But in our case, what actually happens is that with Jindal and all, they want brand new machines. So now and their whole thing is that they only take Sany machines. So, the bigger advantage with us is that if you have a brand-new machine, you get the first preference. So, this is how the industry works.

So, for us right now, why our average utilization is 100%, I am sure it was a bit more than the other players in the industry, but this is because all our machines are absolutely brand new. And the bigger advantage is if you're dealing with only high-tonnage machines, so that actually really helps you to keep good relations with the blue-chip companies and they will keep giving you orders again and again depending on your service. Now if I have told them that if I have told the company that I will be giving you the machine by the 15<sup>th</sup> of Feb, so and if I am taking time till 26th, 27th Feb, then obviously the return rate for this is low then. So, whatever you are committing, if you are able to deliver that, then obviously you get repeated orders as well. So, it's all about the service you are providing to the bigger companies.

**Anshul Mittal**

I understood, sir. Sir, also with respect to the CapEx which we are doing, sir, what can you please add? So I joined the call a bit late, sir. So how are you planning to fund this entire CapEx, sir?

**Dhruv Jhanwar**

Yes. So, see, in this particular thing, this year we are doing INR 50 crores of CapEx. So, 75% is already done till 31<sup>st</sup> December. Next financial year, we are planning INR 100 crore CapEx. So, this will be a combination of debt and internal accruals.

So, if you actually deep dive a bit into our books, you will be seeing that our debt-to-equity ratio is less than 1. So of course, our cash flow is pretty good. So that cash flow, that internal accruals will actually help us to do furthermore CapEx in which we can leverage a bit more up. Right now, our debt to equity is less than 1, we will obviously get it up a bit more, but that will be done from the internal accruals right now.

**Anshul Mittal**

So, the 100 crores CapEx next year will be 50-50 debt and equity?

**Dhruv Jhanwar**

No. 50-50 is this year. It is more than 50-50 this year. Next financial year, we will take it up to around 30-70 or something like that.

**Anshul Mittal**

70% debt to equity.

**Dhruv Jhanwar**

If it is a capital, then it is a different thing. According to the market conditions, we will decide at that time. So, it's too early to say right now. But for right now, we are planning a combination of debt and internal accruals.

**Anshul Mittal**

Correct. So 70% being debt next year?

**Dhruv Jhanwar**

Yes.

**Anshul Mittal**

Okay. Understood. And sir, do we also have some sort of refurbishment facility where we can after 5 to 7 years of usage of our vehicles, we can refurbish and sell it again. Do we have some sort of plans? Or how do we sell those vehicles? Crap?

**Dhruv Jhanwar**

Yes. So basically, I will answer this question again. So, our model is that we only want to stick with the blue-chip companies. So, we want to partner with them, be it for any kind of work. So, their requirements are very straightforward, and they say that you cannot give us machines which are more than 10 years old. So, for us, we tend to sell out all our machines in 8 to 9 years. So, this allows us to stay updated with the latest technology and the equipments at all times. So, every 8 to 9 years, our plan is to sell out the machines and buy newer and higher tonnage machines. Our logic is not too that if I am selling a 100-tonne machine, then I am buying a 100-tonne machine again after 8 years. If I am selling out 100 tonne machines, then I will be replacing it with a 250-tonne machine.

So that our fleet also keeps on expanding as investors, you also see that whatever we are claiming, we can actually go to that place. We are reaching our milestones. So, if you keep turning the same way, obviously, your CapEx will not go up. But if you are going on taking higher tonnage machines, then obviously, it will help you a lot.

**Anshul Mittal**

Correct. Understood, sir. So also, with respect to the end user industries which we are catering to, so right now we are focusing completely on road construction and civil construction companies, as I can see in our clients list. So, do we have any sort of focus towards supplying towards power generation companies, which are focused towards thermal or wind energy or some sort of infrastructure related companies? So right now, majority focus is towards private set of lines and towards civil engineering side of business.

**Dhruv Jhanwar**

See, right now, our establishment is moreover to the metro side, the railway side, the steel plants and some, like on these sides only. In the future, we will obviously be expanding in the wind energy side as well that is in our pipeline, and we will also be going into port equipments. So, port equipments, we are going to close 2, 3 purchases of restackers. So that will actually help us penetrate a different market as well. So of course, wind energy is our go to thing, but that will be next financial year because we have already got a lot of work orders for this financial year. Right now, we will not be able to service those clients, but next financial year, of course, we will be going for those players into those industries as well.

**Anshul Mittal**

Very well, sir. Okay. Understood, sir. Thank you. That's it from my end.

**Moderator**

Thank you. Next question comes from Dravya Sanghavi from Richbridge Investments. Please go ahead.

**Dravya Sanghavi**

Hello, Dhruv. Am I audible?

**Dhruv Jhanwar**

Yes. It is audible.

**Dravya Sanghavi**

First of all, congratulations for getting this amazing result. So, I want to ask you is, there is a sharp increase like in Q2 there was 23% EBITDA margin and now it is 69% margin. And my other question is, what is your current order book and how much your order will last for the next 2 years?

**Dhruv Jhanwar**

Okay. So first of all, the first question I will be answering first is that last quarter we had OPM of 23% quarter to 69%. If you see very carefully, instead of the total revenue, if you go to the segmental results, in the segmental results, we had different business streams as well, which contributed to the major revenue. As we had conveyed to all our investors in the semester presentation and all, that we are totally shifting our focus in an infrastructure-based company. That means in this particular quarter, all those revenues from all non-significant is almost zero. The only difference we are doing from now is the equipment adding business, which has stable revenue of 70%.

**Moderator**

I'm sorry to interrupt, sir. Mr. Dravya can you please help me with your line?

**Dravya Sanghavi**

Sorry?

**Moderator**

There is a disturbance from your line. Please go ahead.

**Dhruv Jhanwar**

Yeah. So basically, our whole point is to keep our revenue streams and everything on a stable way. So obviously, when we shift our full focus to the infrastructure side only, then the margins and EBITDA margins, OPM, everything will stabilize. The top line you will be seeing it will keep going up and the bottom line will also reflect in a good way. So, if you are focusing on only one segment, then obviously everything will stabilize in our P&L. So, this is our reasoning.

**Dravya Sanghavi**

Thank you, Dhruv. If I have any questions, I will queue up in the line.

**Dhruv Jhanwar**

Of course, sure.

**Moderator**

Thank you. I request the participants to restrict with the 3 questions in the initial round and join back the queue for more questions. Next question comes from Karan Sharma from Kredent Capital. Please go ahead.

**Karan Sharma**

Hello. Hi, Dhruv. Am I audible?

**Dhruv Jhanwar**

Yes. You are audible.

**Karan Sharma**

Yes. So, my question was, you said you will be doing the CapEx of INR 100 crores of which thirty will be internal accrual and seventy will be debt. Am I right?

**Dhruv Jhanwar**

Yes.

**Karan Sharma**

I was checking your numbers and due to the companies, so pardon me if I have some mistakes. Your 2024 consolidated cash flows are INR 2 crores negative approximately, net cash from operating activities.

**Dhruv Jhanwar**

Yes.

**Karan Sharma**

So where do you plan to and I saw the historical numbers as well. How do you plan to finance these 30 crores of equity from your side?

**Dhruv Jhanwar**

Yes. So basically, I will give you a brief thing on this. Right now, we already have a lot of cash in the bank as well. We recently had a preferential round. So one is that. The second is our majority of the machines landed in December first week and December second week. And our other 30% of the CapEx will be done in Feb 1st week. So technically, if you see cash flow, actually there is a lag in our business. I can do CapEx today in January, but my revenue will start be generating after one and a half months because when the machine comes, it takes a lot of time to get it transported.

In a 250-tonne machine, it takes approximately 16-17 days for it to get transported. And then the commissioning happens, the vendor registration happens, the TPI happens, all these things take around one to one and half months. So of course, in Q3, you might be seeing that our gross block has gone up to INR 36 crores, but obviously the revenue generation will start from Feb. So, this is the reason why right now since our P&L statement and balance sheet is very new to this segment, that is why you are not being able to see the numbers properly. But once our Q4 results are also published, then you will be able to understand our cash flows properly.

**Karan Sharma**

Okay. Thank you.

**Dhruv Jhanwar**

Yes.

**Moderator**

Thank you. Next question comes from Shivraj Pandya from Finkons Advisory. Please go ahead.

**Shivraj Pandya**

Yes, thank you. So firstly, congrats for the good set of numbers and thanks everyone for arranging this conference. So majorly all questions are covered from my end, but there is something to highlight. In your opening speech, you mentioned that you are planning to expand into other sector as well such as port equipments. So when we can expect to enter this segment and how it will affect the margins and profitability?

**Dhruv Jhanwar**

Yes. So, see, the port equipment, that's a very good question. Port equipment generally are restackers. So, they are totally imported from outside. So, it is a 2.5-3-month procedure. So right now, we have already ordered the machines. So now it will come to us in March, and it will start generating revenue from April. So, this is a cycle, so we have told you all that we will be expanding into this sector. This sector has a similar rental yield of 2.4% EBITDAs on the gross block. So, it is little bit more than the cranes. So, it is exactly in between the cranes and the man lifters.

**Shivraj Pandya**

Okay. And what sort of competition...

**Dhruv Jhanwar**

We expect revenue to reach us by April end.

**Shivraj Pandya**

Okay. And any specific target for revenue from this segment?

**Dhruv Jhanwar**

See, this is too new for us right now because we have only ordered 2-3 machines still now. So, we cannot comment on the exact thing because in general, these contracts are tender based contracts. So, the tenders are for 3 to 5 years. So that is the reason why when we execute this contract, we can give you more clarity on it because when the execution happens, that time we can tell you all that how many machines we are actually going to deploy in this particular sector. As of now, it is 2 to 3 machines, but it might go up to 6 to 7 machines as well because the timeframe is longer. The tenders are for 5 years.

**Shivraj Pandya**

Okay, got it. And what sort of competition we can expect from this segment and how we are managing the risk related to these industries?

**Dhruv Jhanwar**

Which industry being the port ones or...

**Shivraj Pandya**

Port ones, exactly the port ones.

**Dhruv Jhanwar**

Port ones, there are not many players, there is a very unorganized market. It all depends on what kind of port equipments you are buying. There are diesel machines and there are electric machines also. So, we are planning to enter the electric ones, which is still not established in India. So potentially, we will be the first people to get it in India. So that is the reason why I do not comment a lot on this right now because the markets are not that much for it because people generally buy these machines on their own. But right now, the shift is happening in which they have to go into the electric machines. So generally, that is the reason why we will be purchasing those machines, but it is still in our pipeline. So maybe in the next phone call I can give you more clarity on it.

**Shivraj Pandya**

Okay. So just last question from my end. As you mentioned that you will sell your machine after 8-9 years to be updated with the new machines, leads and technologies as well. So, what will be the resale value related to it and what percent of resale value we expect?

**Dhruv Jhanwar**

Yes. So, see, if you buy a very good 250 tonne plus machines, then the resale value is generally around 40% because the metal prices are also supposed to increase. We are expecting that to increase. So, if you can take down the right time to sell the machines, you can get easily around 35-40% after 8 years as well.

**Shivraj Pandya**

Okay. So, I believe then it's a cyclical business as well, right?

**Dhruv Jhanwar**

Yes.

**Shivraj Pandya**

Okay. Thank you so much for this. Thank you everyone for this con call. Thank you.

**Dhruv Jhanwar**

Thank you.

**Moderator**

Thank you. We have a follow-up question from Rahul [call on hold]. He has put the call on hold. Ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. There are no further questions. Now I hand over the floor to Mr. Dhruv for closing comments.

**Dhruv Jhanwar**

Am I audible?

**Moderator**

Yes, sir.

**Dhruv Jhanwar**

So, I would like to thank you, everyone. Everyone, it means a lot to us that you all joined our first earnings call. I hope we were able to give you as much clarification, as much clarity as possible. And I hope you guys were satisfied with our answers. So, if you have any further questions or you would like to know more about our company, please reach out to our Investor Relations Manager at Confide Leap Partners. Thank you so much.

**Moderator**

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation. You may now disconnect your line. Thank you and have a good day.

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