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CIN : L52320MH1941PLC003494



**Scrip Code: 522004**

**Sub: Transcripts of Earnings Call held on Monday, 11<sup>th</sup> August, 2025**

**Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sirs

This is in furtherance to our letter dated 6<sup>th</sup> August, 2025 and 11<sup>th</sup> August, 2025 with respect to Intimation of Schedule of Earnings conference Call for the 1<sup>st</sup> Quarter and three months ended 30.06.2025 (Q1FY26) and submission of audio recording post such conference call, respectively.

In terms of Regulation 30(6) read with Schedule III Part A Para A Clause 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the transcripts of the earning conference call conducted on Monday, 11th August, 2025 for the 1<sup>st</sup> Quarter and three months ended 30.06.2025 (Q1FY26) is attached herewith.

The same will also be hosted on the website of the company at [www.batliboi.com](http://www.batliboi.com). Kindly take the aforesaid information on record and oblige

Thanking you,

Yours faithfully,

For **Batliboi Limited**

**Pooja Sawant**

**Company Secretary & Compliance Officer**

**ACS- 35790**

**Place: Mumbai**

**Date: 14<sup>th</sup> August, 2025**



**“Batliboi Limited  
Q1 FY '26 Earnings Conference Call”  
August 11, 2025**



**MANAGEMENT: MR. NIRMAL BHOGILAL – CHAIRMAN – BATLIBOI LIMITED**  
**MR. SANJIV JOSHI – MANAGING DIRECTOR – BATLIBOI LIMITED**  
**MR. KABIR BHOGILAL – EXECUTIVE DIRECTOR – BATLIBOI LIMITED**  
**MS. POOJA SAWANT – COMPANY SECRETARY – BATLIBOI LIMITED**

**MODERATOR: MS. SALONI – GO INDIA ADVISORS**



**Moderator:**

Ladies and gentlemen, good day and welcome to the Batliboi Limited Q1 FY '26 Earnings Conference Call. 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 touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Saloni from Go India Advisors. Thank you and over to you.

**Saloni:**

Good morning, everyone. On behalf of Batliboi Limited, I would like to welcome you to our amazing earnings call to discuss the operational and financial performance for the first quarter of FY '26. The session is being hosted by Go India Advisors. Joining us from the management team are Mr. Nirmal Bhogilal, Chairman, Mr. Sanjiv Joshi, Managing Director, Mr. Kabir Bhogilal, Executive Director and Ms. Pooja Sawant, Company Secretary.

Please note that today's discussion may include forward-looking statements which are subject to various risks and uncertainties. I encourage participants to consider these factors when interrupting company developments. With that, I now invite Mr. Bhogilal to provide an overview of Batliboi's business outlook and performance. After his remarks, the floor will be open for Q&A. Thank you and over to you, sir.

**Nirmal Bhogilal:**

Thank you, Saloni. Just to say that after my introductory statement, Mr. Sanjiv Joshi will go into the details of the business performance. So -- and after that, there will be the Q&A. So anyway, thank you all and good morning to everyone joining us today for Batliboi Limited's inaugural earnings call for the first quarter of FY '26. We appreciate your interest and support and I trust you have had the chance to review our investor presentation and financial results which are available on the Stock Exchange.

This is a milestone moment for Batliboi as we host our maiden earnings call. As this is our first conversation in such a forum, I would like to begin by reflecting briefly on the journey of Batliboi Limited before moving on to our strategic updates for the quarter. Founded as a small shop in 1892, Batliboi Limited has established a rich legacy across manufacturing, engineering, contracting, and marketing of industrial machinery. With over 130 years of industrial legacy, Batliboi has long been a trusted name in engineering and manufacturing.

Today, we stand at an inflection point, shaping a sharper, future-focused enterprise anchored in operational discipline, asset efficiency and long-term value creation. The first quarter results were impacted due to the post-merger compliances of Batliboi Environmental Engineering Limited, as well as subdued demand in sectors such as textiles. Despite this, we are seeing a very strong outlook for the coming quarters, which Sanjiv will discuss in detail.

Although the first quarter results were not in line with the expectation, the company expects to compensate over the next three quarters and close the year with double-digit growth in both top line and bottom line. Today, we operate through three key business segments – Machine Tools, Textile Engineering and Environmental Engineering. Our team of dedicated engineers



ensures comprehensive pre-sales and post-sales service to an extensive network of 15 offices nationwide.

Our manufacturing takes place at our state-of-the-art facilities located in Surat, India, and Peterborough in Canada. Batliboi's global footprint continues to grow. Our products are currently present in over 20 countries, with international sales contributing approximately 26% of our revenue. This reach, coupled with our diversified expertise, underscores our ongoing commitment to excellence and innovation in the industrial equipment sector.

Let me now provide a brief overview of our main business segments. One, Machine Tool division. India ranks currently seventh globally in Machine Tool consumption, accounting for just 3.3% of global demand. Our Machine Tool division is a cornerstone of Batliboi's operations, delivering a comprehensive suite of two-axis and three-axis CNC machining solutions, including vertical machining centers, turning centers and vertical turning lathes.

Alongside manufacturing, we represent leading global brands for both metal cutting and forming applications, offering end-to-end machining solutions. Our wholly owned Canadian subsidiary, Quickmill, which is part of the Machine Tool division headquartered in Peterborough, specializes in large Gantry Drilling & Milling machines. It serves industries ranging from energy, structural steel to aviation and job shops.

Quickmill's strong global reputation is evidenced by more than 400 successful projects and over 105 satisfied clients worldwide. Two, our Textile Engineering division. India's textile sector continues to be a vital pillar of the country's industrial and export economy, valued at approximately US dollars \$240.8 billion in 2024 and projected to grow to US dollars \$475.7 billion by 2033 at a CAGR of approximately 6.84%.

Winning in this competitive global landscape depends not only on speed, precision, sustainability, and cost efficiency in textiles, but also on the advanced machinery that powers this industry. At Batliboi, our Textile Engineering division is strategically organized into two key segments, Air Engineering and Textile Machinery.

The Air Engineering group delivers advanced solutions across the textile value chain, while the Textile Machinery group serves spinning, knitting, processing, and technical textiles, representing world-leading brands such as Mayer & Cie, Saurer, Pentek, [Fardis 7:10], Intex, etcetera.

Although subdued capital expenditure in the textile industry last year resulted in a reduced order backlog at the beginning of this year, impacting both our Textile Machinery and Textile Air Engineering divisions, we witnessed strong improvement in order bookings in Q1. We remain optimistic about further significant growth in the second quarter across all sectors.

The outlook for our business in Bangladesh and other export markets has also improved as Bangladesh has begun to stabilize and we expect to end the year with a stronger order backlog heading into the next fiscal year. Three, the third important part of our company is the Environmental Engineering group.



I am pleased to share that this year Batliboi Environmental Engineering Limited merged into Batliboi Limited following the NCLT approval at the end of March 2025 and now it forms the Environmental Engineering group. EEG in short, spans air pollution control equipment, industrial fans, and the green hydrogen projects.

As a leading provider of air pollution control and fan systems for industries such as steel, power, oil and gas, sugar, and cement, EG offers 100% make-in-India solutions. The group has delivered robust business performance with revenues growing at a CAGR of 15% from 2020 to 2025. The Environmental Engineering group experienced a subdued quarter primarily due to deferred deliveries.

This was the result of the merger and related transition where all pending orders and inquiries had to be reissued in the name of Batliboi Limited causing delays associated with the name change, GST registration, and other formalities. Despite these challenges, order bookings remain strong with pending orders rising to INR115 crores at the end of the first quarter up from rupees INR99 crores at the beginning of the quarter.

We remain optimistic about achieving improved top-line and bottom-line results by the end of the fiscal year compared to last year. The fourth is our new subsidiary. Our new subsidiary, Bioconserve Renewables in Biotech Private Limited, had a profitable quarter and expects to end the year with reasonable profits. The industry landscape and strategic outlook with the GDP growth this fiscal to be over 6%.

And looking ahead with advanced engineering and sustainable technology being vital as India redefines itself as a global manufacturing hub. We will leverage these opportunities as Batliboi is committed to contributing to India's aspiration of becoming a fully developed nation by 2047. In conclusion, as we look to the future, Batliboi is committed to driving sustainable and profitable growth.

We are targeting 10% to 12% growth in revenue and improved bottom line on a consolidated basis over the coming years. With now a renewed focus on export markets, we look forward not only to accelerate our growth trajectory in domestic market but also reinforce Batliboi's position as a leader in diversified engineering solutions, both in India and globally.

I now hand over to Mr. Sanjiv Joshi, our Managing Director, to share the operation and financial update. Thank you. Over to you, Sanjiv.

**Sanjiv Joshi:**

Yes. Hello, good morning, everyone. I will now walk you through Batliboi's financial and operational performance for the first quarter fiscal 26. Our revenue from operations stood at approximately INR72 crores. During this period, we reported an EBITDA of INR0.24 crores and a PPT loss of INR2.72 crores. This was on the back of one-time extraordinary expenses incurred in our Machine Tool Manufacturing division and the post-merger compliances at the end of March '25.

However, as highlighted by Mr. Bhogilal, we remain confident of improving our performance in the upcoming quarters of FY '26, targeting a top-line growth of 10% to 12% and a better

bottom line compared to FY '25. Now, coming to Q1 performance, we achieved an order inflow of approximately INR270 crores.

Our outstanding order book as of June 25 stood at approximately INR465 crores. For the upcoming quarter, we envisage the order inflow to the tune of INR350 crores plus and are hopeful of achieving an order inflow of almost INR1,000 crores plus for the entire fiscal year. In Q1 FY '26, our Machine Tool Manufacturing division recorded an order inflow of approximately INR20 crores and achieved a revenue of INR17 crores.

For the upcoming quarter Q2, we anticipate an order inflow in the range of approximately INR20 to INR25 crores. I would like to highlight that the capital expenditure of INR25 crores towards the upgradation and expansion of our foundry and the machine shop has been now fully completed with all equipment successfully commissioned in the end of Q1.

With this, we envisage a better growth from Q2 onwards in this division. Coming to QuickMill, our 100% Canadian subsidiary and part of the Machine Tool division experienced a challenging quarter due to the uncertainty surrounding US tariffs, which impacted both order booking as well as execution. However, order booking and inquiry generation have since improved significantly.

Barring any exceptional events, we expect QuickMill to deliver a reasonably good performance for this year. Currently, QuickMill machines benefit from no tariffs under the US-Mexico-Canada arrangement called USMCA, which provides a positive outlook going forward. Though QuickMill reported a revenue of only INR15 crores in this quarter, we expect to improve in Q2 based on the order flow that we have seen in Q1.

Coming to our Textile Machinery division this quarter, it recorded an order execution of approximately INR60 crores only as the pending order position at the beginning of the quarter was poor. However, I would like to state here that the inflow orders in Q1 was approximately INR167 crores and the further order of inflow in Q2 is to be around INR200 crores.

This will result in better order execution going forward from Q2 onwards. Our Textile Engineering division had both a subdued order booking and billing in this quarter. However, with a very healthy inquiry and some revival in Bangladesh business, we expect this division's order booking and billing of approximately INR18 crores in Q2.

Coming to the Environmental Engineering group, its performance as already stated by our Mr. Bhogilal was impacted by billing shortfalls primarily due to vendor realization and purchase order amendment as a result of merger which happened at the end of March '25. This resulted in payment delays and delayed dispatches which will now happen in Q2.

Furthermore, sectoral tailwinds from steel and power industry should generate enough opportunities for this division to enhance its business in coming years. For Q1 of FY '26, the Environmental Engineering group reported a revenue of about INR19 crores and an order inflow of approximately INR34 crores.



Going forward in Q2, we anticipate an order inflow of almost INR50 crores and a revenue of approximately INR40 crores. Now to some of the overall Q1 performance, I would like to state some of the highlights of each division. Order for rolling isostatic press valued at approximately INR14 crores in the machine tool trading division.

Receiving a large order of 60 circular knitting machines valued at approximately INR45 crores in the textile machine division and a single large order of INR4 crores in Textile Air Engine division.

Coming to the Environmental Engineering group, we have received a first export order for gas cleaning system used in waste to energy, an order for an acid neutralization scrubber system for a battery reclamation process, an order for tar wet electrostatic precipitator from a major steel manufacturer, all put together approximately INR13 crores.

With these results, underpinned our operational readiness and strategic directions, positioning Batliboi for a robust performance in the coming quarters. I now open the floor for any Q&A and are happy to take all the necessary questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Majid Ahamed from PinPointX Capital.

**Majid Ahamed:** My first question, sir, is that could you share any update on the company's land bank in Surat, any monetization or development plan?

**Nirmal Bhogilal:** Yes, I think I'll answer that question. Basically, we have a total land of 45 acres, of which 4 acres has been earmarked for land for sale. The money for that will be used to repay the non-interest bearing loan of the promoters. We expect that this land of roughly 4 acres would fetch us roughly about INR40 crores. We also have another 8 acres of land, which we will look at opportunities in the future for converting that into a regular source of income.

It will not be land which will be sold, but it will be developed whenever opportunities arise, especially in the space of IT or BPO, etcetera, whereby we can convert this into a kind of a permanent source of income for the company. I hope that answers my question.

**Majid Ahamed:** Yes, sir. So, secondly, my question, sir, is that currently we have a very, the margins are very subdued with a low single-digit EBITDA margin. So, going forward with the merger, what type of synergies and margins are you looking to expand for FY '26?

**Sanjiv Joshi:** I'll just answer that question. See, right now the margin is subdued, but the capex that is now happening in our Machine Tool division will give us product efficiency and a production base to grow. Our Engineering division with the merger is also going to add to the bottom line and the top line. So, we expect that all this and the future of textile looking good for the coming quarters. We look at a range of 10%-12% in the fiscal '26.

**Majid Ahamed:** But we are anticipating more than INR1000 crores of orders and just 10%-12% is very conservative, right? Are you saying for FY '26 or for the next coming years, 10%-12%?



- Sanjiv Joshi:** For the coming year, for the coming year.
- Nirmal Bhogilal:** I think you must realize that we are in the capital goods industry and all order inflows don't get translated into execution in the same year. So, a lot of the order inflow of this year, especially towards the fag end of the year, will be the pending order position at the end of the year, which will auger well for the next year.
- Majid Ahamed:** So, of the current order book, how much is, can you give me the execution timeline breakup, which will be executed this year and other things that will be executed in the next 2-3 years?
- Nirmal Bhogilal:** You see, basically, because we are in different types of businesses, the order execution time from the time we book the order varies from 3 months to maybe over a year also. But the bulk of our order backlog today will all be executed before the end of the year.
- Majid Ahamed:** Got it. And are there any significant capex that is coming for this year? Can you give me the guidance that you're looking to do capex?
- Nirmal Bhogilal:** I think we are now going to digest and ensure that the INR25 crores that we have spent are going to give us the results that we planned for over this year. So, we'll be basically looking at any major capex plan. It'll be all in the planning stage, which we will then look for execution next year or year after next.
- But just to say that one major plan for the current year is to install a solar system for our manufacturing facilities at Surat. That coupled with our windmill that we already own should give us more or less self-sufficiency in power by the end of the year.
- Majid Ahamed:** So, you're saying that you're getting the renewable energy, but if you can give me a breakup of your power cost as a percentage of sales. So, how much cost savings that would lead to and how much margin accretion that can be posed in commissioning of this plan?
- Nirmal Bhogilal:** I think more or less today our current power cost, net power cost after taking the benefits of our windmill will probably be in the region of about INR1 crores and a half a year, which will then go down to more or less a negligible amount by the end of the year.
- Sanjiv Joshi:** Yes, that's right. You know, we'll be having a saving over anywhere between INR1.2 crores to INR1.5 crores at the end of the year.
- Majid Ahamed:** Okay. So, my final question, sir, is that what is the sustainable margins that you're looking for this year, this year or next year? Like what are you looking post?
- Nirmal Bhogilal:** I think our margins will vary from division to division, but I think they will substantially improve compared to last year and what we have shown in the first quarter, because of the expansion of the manufacturing in Machine Tools, whereas the capex plan we are talking about in the next two years, doubling the production, which with very little increase in any variable cost other than raw material. So, our margins definitely will further improve. And then with what Sanjiv mentioned about the Environmental Engineering group, expecting to grow in a very sustained way, we expect margins there also to improve.





- Moderator:** The next question is from the line of Shreya, an Individual Investor.
- Shreya:** Thank you for the opportunity, sir. I have two questions. Can you comment on the current debt levels, especially because, you know, we are anticipating decline in debt, you know, post the merger?
- Nirmal Bhogilal:** Yes, at the current our debt level comprises of basically a cash credit of about INR11 crores from the banks. And we have a small term loan of about INR1.5 crores or INR1.7 crores roughly. Unfortunately, the terms of that loan are such that we cannot repay in prematurely. But it's a very small term loan. And then we have the promoter bearing loan, which is a non-interest bearing loan of roughly about INR40-odd crores, which as I mentioned earlier, this INR40-odd crores of promoter loan will be repaid once we sell the four acres of land.
- So primarily, we have a very limited exposure, both in terms of short term and long term debt, which is adequately covered by roughly about INR15 crores, which we have cash on hand, which we've invested in safe securities, which we will use as a land bank or a money bank whenever we look at any kind of acquisition. So if you look at probably at the moment, currently we are at the moment more or less at zero debt, zero interest bearing level.
- Shreya:** So the next question I had is, how is Batliboi managing its cash flows, you know, in light of the recent changes in its operating, investing, and financing activities, if you could just elaborate on that?
- Nirmal Bhogilal:** Well, you know, most of -- if you if you look at the capital goods industry, normally, we will not supply equipment unless we get paid for unless it is like an EPC contract, in which case it payment is a stage wise payment. So, so, in that sense, we handle our cash, cash flow very well, from the point of view of from the time we receive an order to the time we execute.
- Moderator:** The next question is from the line of Amresh Kumar from Geosphere Capital.
- Amresh Kumar:** Thank you for the opportunity. So I wanted to understand in the Machine Tools division, other than the automotive customers that we have, how are the other customers doing, especially the industrial ones? Why I'm asking this question is that our automotive customers would be under some kind of stress because of the tariff related issues. So that would be my first question, sir.
- Sanjiv Joshi:** Okay, I just take this, Amresh. Basically understand we are in the CNC machine tool business where we are manufacturing turning centers and vertical machining centers. These are basically machines which are used abundantly, not only auto sector, but in the agricultural sector, in the job shop, even in the diamond world. We are very strong in the diamond business. And looking at the number that we are manufacturing today, the headroom for growth is huge. We have hardly a market share of not less than 4% to 5%.
- And the number of and going forward, what are the new machines we are going to add? I would say rather that we are not totally dependent on the auto sector. Our auto sector exposure will be not more than 10% to 15%. So we are really not worried about what happens in the tariff with the U.S. because the domestic consumption in this space is so huge.

And the way we are manufacturing, the market share being so low, I am not worried that going forward machine tool business will be very largely impacted by the tariffs of automotive sector, Amresh.

**Amresh Kumar:**

Got it, sir. So, sir, can you little bit expand on our CNC machine division? So I think we are at three axis machines right now. So are we planning to go above this and what is the realization per machine currently we have? And how are we looking at this division going forward?

**Sanjiv Joshi:**

Yes, Amresh, I'll answer that. Basically, please understand that right now the machine that we are manufacturing, let's say it's a 100% market for this product basket. So 80% of the machines fall in the line which we are managing today. So our line of turning centers that we have and the vertical machine centers that we have almost directly contributes or addresses 60%, 70% of the overall machine tool business in this country. So you can understand the opportunity and the headroom that we have to grow.

What we are doing is that rather than going to the next level of machines, which are highly complex machine in more than three axis, we would rather are working on a product development in the same space in terms of a terminal center and going forward on the linear machine centers, which will give us the volume that we are looking for in the same basket of machines that we are right now manufacturing, Amresh.

So to answer your question at least for the next one or two years, we are going to improve upon our existing product basket, improve the numbers of machines of the market that we have, and then as we stabilize going along the numbers that we want to achieve in this product basket, we will be looking at further expansion into the newer models.

**Amresh Kumar:**

Got it, sir. So what would be the capacity of our CNC machine division? What are we producing right now and where do we want to go in the next two to three years?

**Sanjiv Joshi:**

Okay. So to answer that question, as we have rightly, we have just discussed about our capex investment that has happened in this last financial going forward. This capex expansion is basically to address quality as well as the production. So we have upgraded our foundry to the latest part of the technology, which will give us a capacity of three times that what we are currently producing.

And we are looking at doubling our numbers in the next one year's time. Right now we are manufacturing about 30 machines. We are looking at 60 to 70 machines in the next one or two years. For that, whatever investment is required has already been done. And now our job is to ramp up the numbers from the marketing department.

**Nirmal Bhogilal:**

I think the numbers that Sanjiv mentioned are monthly, not annually.

**Sanjiv Joshi:**

Yes, they are monthly numbers. Yes, right. Sorry. They are the monthly numbers.

**Amresh Kumar:**

And sir, who are our technology partners? Where do we get our controllers from? And any other critical parts for which we are tied up?

- Sanjiv Joshi:** Amrishi, if you look at the machine tool industry in India, basically there are two basic controller suppliers, whether it's me or my competition, it's either a FANUC or a Mitsubishi. So we use both the systems as bought-outs. And based on the requirement, we wire up the controllers to the customer's requirement.
- So to answer your question, it's either Mitsubishi or FANUC for the controllers. Rest of them are bought-outs, small bought-outs for the lubricant oil systems. Ball screws and linear guideways are imported from Taiwan, which everybody does. There is no manufacturer in the country today who manufactures linear guideways and ball screws. So everybody is importing from Taiwan.
- Amresh Kumar:** Got it, sir. And my last question would be, sir, what would be the import content or the imported part of the market that you are trying to target?
- Sanjiv Joshi:** I didn't get your point. Come back to me again.
- Amresh Kumar:** So our machines, how much of the demand of those machines would be fulfilled by the imports right now in India?
- Sanjiv Joshi:** Import of the machines?
- Amresh Kumar:** Yes, yes. How much is the total demand and how much is domestically produced?
- Sanjiv Joshi:** See, import of these machines are hardly anything because these are all basically four or five major manufacturers in this country who fulfill the domestic demand. The majority of the imports that are happening over the very high-large machines, which probably is not made in India. Also, don't forget that we are globally...
- Amresh Kumar:** So we are banking on the market growth right now, correct?
- Sanjiv Joshi:** Yes.
- Amresh Kumar:** Yes, sir. You were saying something?
- Nirmal Bhogilal:** We are banking on market growth rather than on import substitution.
- Sanjiv Joshi:** Yes, it's all market growth. This division will continue to grow at average CGR. See, there is a ballpark figure that if the GDP of the country goes by 6% to 7%, the machine-to-industry CGR would be in the range of 12% to 14%.
- Amresh Kumar:** And you would be growing higher than this or in line with this market growth?
- Sanjiv Joshi:** We are going in line with that. We are going to just ramp up in line with that with all the capital that has happened.
- Moderator:** The next question is from the line of Dipesh from Manya Finance.



- Dipesh:** First of all, as a management, how would you read the first quarter results? And what would be your comments since most of the second quarter is already passed up? What would be your comments for the second quarter?
- Nirmal Bhogilal:** I think we have already given you some figures. I think Sanjiv has already explained and I also mentioned in my opening remarks about how we see the outlook for the second quarter and Q3 and Q4. And as we said that by the end of the year, we should expect a top-line growth of between 10% to 12% and a consequent increase in profits based on that growth. So, we are very still very positive about the FY '26, though our first quarter results were not as per our expectations.
- Dipesh:** And what is the rationale for the merger between Batliboi and BEL?
- Nirmal Bhogilal:** I think you see the point was that there are two or three rationales. One rationale is, of course, the fact that the Environmental Engineering business is a high growth business for us, especially with the kind of infrastructure spending that is going on in our country and which will continue to grow. The second is that while the Environmental Engineering business is relatively not dependent too much on borrowed funds, but it requires huge non-fund-based limits like bank guarantees, NCs, etcetera.
- And these, in today's times, banks are insisting that there must be adequate security for these non-fund-based limits. Unfortunately, personal guarantees of directors is not good enough for the banks. Whereas, Batliboi Limited has a huge land bank and it doesn't really require much non-fund-based limits.
- So, it made sense to leverage on the land bank of Batliboi and the fixed asset base of Batliboi, which will give enough security for the banks to give these non-fund-based limits to the Environmental Engineering business. So, it's a kind of a win-win situation for both Batliboi Limited and the Environmental Engineering business to merge so that we can grow much faster than we have been able to do in the past. I hope that answers my question.
- Dipesh:** Okay. And so, if you can just make me understand that, what will be the book value after this merger and what will be the effect on the ROE? Historically, has been always, you know, single digit ROEs. So, just wanted to understand that with this merger, will our ROE also become better?
- Nirmal Bhogilal:** Yes, the ROI will improve, the ROE will also improve. And perhaps, we would be able to show this improvement by the end of this year.
- Dipesh:** You're talking about a 20% sales growth, that's a very good thing. But what I'm trying to understand is that, yes, you mentioned that you'll have a 20% sales growth over this year, but...
- Nirmal Bhogilal:** No, 10%-12% as a sales growth.
- Dipesh:** Okay, 10%-12% as a sales growth. But what I want to understand that, will our ROE also become double-digit with this merger and with the better profitability, which will be coming with the sales growth?



- Nirmal Bhogilal:** Yes, it should. So, hopefully, we will show this to you by the end of this year.
- Dipesh:** Okay. So, as an analyst, we should only look at year-on-year performance and not quarter-on-quarter performance. Is that the right...?
- Nirmal Bhogilal:** Well, you know, I would say in the capital goods industry, unfortunately, this is what happens, that there are fluctuations quarter-to-quarter. So, the first, say, every quarter compared to previous year, same quarter may not necessarily project the true performance or the future performance of the company, or reflect on the annual performance of the company.
- So, I would suggest that you should perhaps look at the -- While, of course, you look at the quarterly performance, but the annual performance would be a much better reflection on the company.
- Dipesh:** Also if I can add, after this merger, what will be the debt situation?
- Nirmal Bhogilal:** Well, you know, as to the earlier speaker, the earlier question I'd answered, that currently, we are really net zero if we look at our -- the cash we have on hand to get -- compared to the short-term and the long-term borrowing that we have. So, we expect that if we run our operations well, we should be really a zero-interest-bearing company. And currently, we are more or less at that level.
- Dipesh:** Right now, every year, we are paying about a INR5 crores to INR7 crores interest. That, I think, mostly...
- Nirmal Bhogilal:** But if you look at our quarterly performance, and then you look at the cash that we have on hand, we have currently about INR15 crores of cash, which is bearing us roughly about 8.5% return, which is in safe securities, and which we do not intend to utilize for operations, but it will be the money bank that we will accumulate over a period of time, so that we can do some -- whenever an acquisition opportunity comes up.
- Dipesh:** So, what is the land bank value? Because you mentioned that you have a huge land bank also. What would be the land bank value of the books? And actually, according to the management, how much we should fetch if there is any land bank?
- Nirmal Bhogilal:** You see, we have roughly, out of a total land bank, a total land of 45 acres, of course, a large part of it is utilized for existing manufacturing facilities, but we have earmarked 4 acres of land, which are being held for sale, which will be used to repay the promoter loan, which is a non-interest-bearing loan, which we will repay. Now, that 4 acres should give us about roughly about INR40 crores.
- We have also another 8 acres land, which we have earmarked for future development, which will be for -- into a business, which will give us a continuous earnings, like for example, if whenever IT and BPO business picks up in -- or Surat is seen as a IT or a BPO center, then we may use that land to lease it out to these companies, so that we have a permanent source of income.



- Moderator:** The next question is from the line of Abhinit Kulkarni from Equity Investment.
- Abhinit Kulkarni:** Hi, good morning, sir, and thank you for giving me the opportunity. I wanted to ask you about, you know, you mentioned about acquisitions a couple of times in your conversations. So, I just wanted to ask you, is there anything specific that you're looking at in terms of acquisitions or you're open to evaluating these as and when they come?
- Nirmal Bhogilal:** See, what we are looking at acquisition in the area that we go. So, it will have to be in the related industry of capital goods that we are involved with. And we are -- we are continuously being approached with possible acquisitions and we evaluate those. So, as we go forward, we will look at it even closer.
- Abhinit Kulkarni:** In your -- you know, in your allied industries, there is some amount of stress that we see in sectors like auto today. So, are you open to evaluating, you know, these deals on the stress side also?
- Sanjiv Joshi:** Sorry, on?
- Abhinit Kulkarni:** Stress assets.
- Sanjiv Joshi:** Stress assets.
- Nirmal Bhogilal:** Sorry, I didn't quite understand.
- Abhinit Kulkarni:** I meant to say stressed assets, basically, you know, assets.
- Nirmal Bhogilal:** Basically, I don't think we would look at anything which is a kind of a turnaround, which would require a turnaround situation. We would look at companies which are reasonably profitable. And with our association, we can make them grow faster and become further profitable.
- Abhinit Kulkarni:** Okay. Okay.
- Nirmal Bhogilal:** You know, don't forget that the promoters continue to hold more than 72% equity in the company. And even if a reasonably attractive acquisition opportunity arises, then the promoters are even ready to dilute further, to raise the necessary funds. Because whatever we look at acquisition, we would rather look at it on the basis of acquisition based on very minimally borrowed funds.
- Moderator:** The next question is from the line of Naitik Mohata from Sequent Investments.
- Naitik Mohata:** Good morning, sir. Thank you for the opportunity. So, I think we have done quite a lot of capex in our Machine Tools business. So, we are almost doubling our capacity there. So, can you elaborate a little, like, which industries are we targeting, who will offtake this increased capacity? Is there any particular industry in mind?
- Sanjiv Joshi:** Basically, as I told you earlier, in the earlier question and answer, that the headroom to grow for us is huge. So, it is not only a specific target segment of industry. It can be agriculture. It

can be automotive. It can be defense. It can be general light engineering. It can be a huge opportunity for us in die-and-mold kind of a business.

So, we are looking at all the related industries where we can grow. And as I said earlier, the headroom for us to grow with this doubling of capacity is quite huge. So, we have no doubt that whatever numbers we are looking at, it should happen in the next one or two years' time.

**Moderator:** The line from the participant has been dropped. I'll take the next question. The next question is from the line of Siddharth Bhattacharya from Autham Investments.

**Siddharth Bhattacharya:** Yes. So, basically, I have a couple of questions. One is, I see that your gross margins are fairly small. I don't know, less to 40%...

**Nirmal Bhogilal:** I'm sorry. There's a lot of disturbance. We can't hear you clearly.

**Sanjiv Joshi:** So, your voice is echoing.

**Siddharth Bhattacharya:** Yes. So, I'm seeing that we have a healthy gross profit margin of close to 38%-40% overall. But that does not actually translate into EBITDA on a frequent basis. So, just wanted to understand what is the operating leverage over here as we double our capacity in Machine Tools?

And also, are there any, you know, chances that there are one-offs or something or maybe there are because of the business condition, there is some issue in terms of freight costs and everything that has gone up. So, once that settles down, the conversion becomes much, much stronger. Can you please comment on this thing?

**Nirmal Bhogilal:** So, I think the thing is that I explained it earlier to another question that when we are talking about doubling our machine tool production, the capex that we have done. Now, there'll be no further addition to any variable cost on that, on doubling the production other than the consequent increase in raw materials.

So, basically, we would see most of the gross margin that we earn going into the bottom line. That would significantly improve our margins, not only in the Machine Tool division, but for the company as a whole.

**Siddharth Bhattacharya:** Got it. So, basically, if I look at it the other way, the minimum economic size for us to use out efficiency is actually doubling of the capacity that will happen now.

**Nirmal Bhogilal:** That's right. And also, we are now talking about being more or less net power cost free with the addition of solar in our manufacturing facilities. So, that will also shave off another INR4.5 crores of cost.

**Siddharth Bhattacharya:** On an annual basis?

**Nirmal Bhogilal:** Yes.

- Siddharth Bhattacharya:** Now, on the next question, in the Environmental Engineering group, so what I also see is we are looking to get into water-based, water and effluent treatment plants through Bioconserve Renewables. So, just wanted to understand where in the value chain do we come in and what are the solutions that we provide or we're planning to provide over there?
- Nirmal Bhogilal:** See, at the moment, this is focused on the textile industry, where there is a great demand for every processing, every process house in the textile factory to have a zero liquid discharge. That is the requirement of the day. So, we are just now focusing only on the textile industry. Once we are reasonably – we are reasonably stabilized as a company in this area, then we will look at the other non-textile areas, whether it is pharma, food, chemicals, etcetera.
- Siddharth Bhattacharya:** So, that is going to happen through Bioconserve Renewables?
- Nirmal Bhogilal:** That's right. That's right. So, Bioconserve will only look at effluent treatment and a zero liquid discharge.
- Siddharth Bhattacharya:** So, effectively, ETP plants would be our targets?
- Nirmal Bhogilal:** Yes. But we will not get into the area of sewage or any of that kind of – which is where government and the municipal corporations become our customers.
- Siddharth Bhattacharya:** Got it. So, no civil construction-based activity is what we're looking at?
- Sanjiv Joshi:** No, no.
- Siddharth Bhattacharya:** Supply of machinery only?
- Sanjiv Joshi:** Only machinery, yes. Supply and process machinery.
- Siddharth Bhattacharya:** Process machinery, okay. My last question is on the Hydrogen Gas solutions for industrial. We are looking at also on-site generation solutions. So, now, my understanding is these are fairly large capex projects or plants. So, how do we plan to sort of – what is the vision here? How do we plan to execute these? These would require a separate fundraise as, you know, our commitment also comes in.
- Sanjiv Joshi:** Yes. So, basically, here we would like to say that we are looking at the supply of electrolyzer and the balance of plant kind of a thing. So, and the investment would be done by the customer. So, we are talking about two, three such – not a very large hydrogen project, but there are also requirements of very small plants also which we are targeting. As you rightly said, there are large players where we would not be looking at.
- So, we have decided to focus on the small plants and with a balance of plant kind of a structure. So, we are talking to two, three EPC contractors whom we are working on two, three projects where we supply the electrolyzers and he supplies the civil and the resourcing and we do the mechanical electrical installation based on our expertise in the involved engineering group. So, we are in touch with three, four such active inquiries and pursuing this and hopefully in this fiscal, I think we should be able to have a breakthrough in this segment.





**Siddharth Bhattacharya:** Sure. So, our capital commission would be the BGs that we get effectively.

**Sanjiv Joshi:** Yes, to the extent of for our BGs, right. That is right.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to the Chairman, Mr. Nirmal Bhogilal for closing comments.

**Nirmal Bhogilal:** Well, let me say that this has been a very good experience for both Mr. Sanjiv Joshi and myself to have this conference call with all our valued investors as well as hopefully potential investors also in the company. And we hope that we would do another earnings call at the end of second quarter to give you a further update on the developments in the company.

And also, by that time, we will also have some further clarity on this whole issue of how this country moves forward with all the issues of tariff, etcetera. So, with these few words, let me thank all of you for attending this earnings call and answering some very, very important and interesting questions for us to answer. So, thank you. And let me also thank Go India Advisors for having organized this and in particularly Saloni for being with us right through this earnings call. Thank you.

**Sanjiv Joshi:** Thank you. Thank you all.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Go India Advisors and Batliboi Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.