

Date: November 12, 2025

To,
Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G,
Bandra - Kurla Complex, Bandra (East)
Mumbai - 400 051

SCRIP CODE: 544333

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Dear Sir/Madam,

Sub: Transcript of the Q2 & H1 FY 2025-26 ended September 30, 2025 Results Conference Call hosted on November 06, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with reference to our results conference call intimation dated November 01, 2025, please be informed that the results conference call for Q2 & H1 FY 2025-26 ended September 30, 2025 was hosted on November 06, 2025 and the transcript of the conference call is enclosed herewith.

You are requested to kindly take the above information on record.

Thanking you,

Yours faithfully,

For **STANDARD GLASS LINING TECHNOLOGY LIMITED**

Kallam Hima Priya
Company Secretary & Compliance Officer



Enclosure: A/a

Standard Glass Lining Technology Limited

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“Standard Glass Lining Technology Limited
Q2 & H1 FY '26 Earnings Conference Call”

November 06, 2025



MANAGEMENT: **MR. NAGESWARA RAO KANDULA – MANAGING
DIRECTOR – STANDARD GLASS LINING TECHNOLOGY
LIMITED**
**MR. RAMAKRISHNA KANDULA – EXECUTIVE
DIRECTOR – STANDARD GLASS LINING TECHNOLOGY
LIMITED**
**MR. ANJANEYULU PATHURI – CHIEF FINANCIAL
OFFICER – STANDARD GLASS LINING TECHNOLOGY
LIMITED**
**MR. VENKATA MOHANARAO KATRAGADDA –
EXECUTIVE DIRECTOR – STANDARD GLASS LINING
TECHNOLOGY LIMITED**

MODERATOR: **MS. MONALI JAIN – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Standard Glass Lining Technology Limited Q2 and H1 FY '26 Earnings Conference Call, hosted by Go India Advisors. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any 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 Ms. Monali Jain from Go India Advisors. Thank you and over to you, ma'am.

Monali Jain: Thank you, Shifa. Good evening, everyone. And welcome to Q2 and H1 FY '26 Earnings Call of Standard Glass Lining Technology Limited. We have on the call Mr. Nageswara Rao Kandula, Managing Director; Mr. Ramakrishna Kandula, Executive Director; Mr. Venkata Mohana Rao Katragadda, Executive Director; and Mr. Anjaneyulu Pathuri, Chief Financial Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company may face. I will now request Mr. Nagesh to take us through the financials and the business updates, subsequent to which we can open the floor for questions-and-answers. Thank you and over to you, sir.

Nageswara Rao Kandula: Thank you, Monali. Thank you to our investors, dear shareholders, investors, and well-wishers. It gives me immense happiness and deep gratitude to address you all on the occasion of our Q2 FY '26 results. This quarter marks a defining chapter in our journey, a transformation not just in scale but in identity.

Over the past decade, Standard Glass Lining Technology Limited has evolved beyond its origins as an independent equipment manufacturer. We began with a single product line, glass-lined reactors, serving a niche segment of the process industry.

Today, through relentless innovation, strategic acquisition, and customer-driven diversification, we have become a multidisciplinary precision engineering company, delivering complete concept-to-commissioning solutions across pharmaceutical, chemical, biotechnology, food and beverage, and process industries.

It is in this spirit of progress that we are pleased to announce our intention to seek shareholders' approval to change our name from Standard Glass Lining Technology Limited to Standard Engineering Technology Limited, a name that truly captures the full breadth of our engineering strength, from design, fabrication and automation, installation, commissioning, and validation.

For our customers, this transformation means a single trusted partner for every stage of their project, one company accountable for performance, precision, and on-time delivery. For our investors too, it means a stronger, more diversified business model, enhanced scalability, and sustainable long-term value creation.

And our -- for our employees, it represents the pride of building one of India's truly world-class engineering organizations. Our business performance this quarter continues to refine our commitment to customers and shareholders. Despite global challenges and shipments rescheduled from Q2 to Q3 and Q4, we have remained resilient, demonstrating robust growth and operational excellence.

With every passing quarter, our company is evolving from specialized equipment, manufacturing into complete engineering solutions, powerhouse serving the pharmaceutical, chemical, biotechnology, food and beverage, and process industries worldwide.

This year has been extraordinary for us, not only in number, but in vision, direction, and purpose. A few highlights I share with you now. Acquisition of seismic private equipment strengthened our presence in bioprocess and fermentation systems, opening new doors in the fast-growing biotechnology sector.

Proposed acquisition of C2C Engineering Private Limited will integrate process design, mechanical, civil, HVAC, electrical, and instrumentation expertise, enabling to deliver concept-to-commissioning technology solutions under one roof.

Our proposed new identity, Standard Engineering Technology Limited reflects our journey from a single product company to a multi-disciplinary precision engineering enterprise with unmatched in-house capabilities from design to water trials. These milestones are not just strategic expansions, but transformative steps towards realizing our long-term vision to become the most trusted engineering partner to our customers.

We have built something very unique in today's industrial world, a company that can design, engineer, process, manufacture, automate, install, commission, and validate complex projects with complete in-house control.

Together, we are building our glass lining skills and continue to shine globally. The shell and tube glass-lined heat exchangers developed with our Japanese partner, GL HAKKO, have been a technological breakthrough, receiving overwhelming appreciation from customers. Our newly introduced conductivity glass and stain-free glass technologies have redefined performance and safety standards in pharma and chemical process plants.

We are proud to say that, to our knowledge, there is no other company in the world with this unique combination of multi-disciplinary skills and integrated engineering systems. Even with the deferred export worth INR40 crores to INR45 crores shifting to later quarters, we achieved total income of INR366 crores, EBITDA of INR69 crores and PAT of INR42 crores in the first half of 2026.

Strong testament to our stability and execution strength, this foundation gives a full confidence that the second half effort will be one of the best in our company's history. Behind every success story stands our people, engineers, technicians, designers, sales teams, passers-by, and customers who trust us every single day. Their passion and commitment are the driving force behind every reactor, every exchanger, every system we build.

To our customers, you are our inspiration. To our employees, you are our strength. To our investors, you are our backbone and belief. As we enter the second half FY '26, we are fully geared to accelerate exports, commission new facilities, and complete the C2C acquisition. With this integration, our company will truly represent the concept of completion engineering, made in India, trusted by the world.

This is just the beginning for our growth. We will continue to innovate, diversify, deliver sustainable value with humility, discipline, and a deep sense of responsibility to every stakeholder. I want to express my heartfelt gratitude to all shareholders, board members, global partners, employees, and customers who believed in our dreams. Together, we are building not just missions, but trust, technology and tomorrow. Thank you for being part of this extraordinary journey.

- Moderator:** The first question is from the line of Kaushik Mohan from Ashika Group.
- Kaushik Mohan:** Hi, sir. Congratulations for the name change. Sir, I just wanted to understand on the costing of C2C Engineering acquisition and what exactly this brings to our table.
- Moderator:** Participants, please stay connected while I reconnect the management. We have a question from Kaushik Mohan.
- Kaushik Mohan:** Hi. Hi, sir. Congratulations for the name change. Sir, my first question is on what is the costing that we incurred for acquiring C2C Engineering and what exactly this brings to our table?
- Nageswara Rao Kandula:** Total we are acquiring 51% and we are paying INR12.25 crores.
- Kaushik Mohan:** Okay. Sir, in the export pipeline, we have mentioned that Q3 and Q4 will look subsequently better. And -- some of the revenues have been deferred from Q1 and Q2 to Q3 and Q4. This also happened in last year, right? How much was the last year that got deferred to this year, and in this year, how much money that H1 got deferred to H2?
- Nageswara Rao Kandula:** Last year, it was deferred to INR35 crores. This year we are deferred to INR45 crores.
- Kaushik Mohan:** Okay. So INR45 crores will be on the top-line, which will be coming in H2, sir. Is my understanding right?
- Nageswara Rao Kandula:** Yes. Yes. H2. Correct. You are right.
- Kaushik Mohan:** Okay. Sir, and how much of the margin is already -- because when looking at the margin, our margin has slightly come less, right? I just wanted to understand, is this in the next -- already we have incurred the cost, but the dispatch has not happened. That is the reason our margin has gone down. Is my understanding right?
- Nageswara Rao Kandula:** Yes. Correct. You are right. Absolutely right.
- Kaushik Mohan:** Okay, sir.
- Nageswara Rao Kandula:** Coming -- H2 is going to cover this.

Kaushik Mohan: Perfect, sir. Perfect, sir. So, we are sitting as the run rate has been told in the previous con calls, right, sir?

Nageswara Rao Kandula: Yes.

Moderator: Next question is from Raman KV from Sequent Investments.

Raman KV: Sir, congratulations on a good set of numbers. I just want to understand that during the quarter, there has been -- the current quarter, Q2, the EBITDA margin declined from 17% to 16% on quarter-on-quarter basis. And on year-on-year basis, it declined from 20% to 16%. So, what is the major reason for this decline?

Nageswara Rao Kandula: This quarter is only, Exports got shifted from-- H1 to H2. That is the --reason this is declined. Next, H2, we are going to do export -- this almost equipment is ready, then due to customer appearances and unforeseen, then H2, we are going to finish this export. Then again, our margin is going to sustain.

Raman KV: Good. And, sir, why was this shipment deferred to H2? Was it a strategic decision or something?

Nageswara Rao Kandula: Not strategic. some customer inspections are delayed.

Raman KV: Some customers?

Nageswara Rao Kandula: Customer inspections. Equipment inspections delayed.

Raman KV: Okay.

Nageswara Rao Kandula: International customers. Inspections are delayed.

Raman KV: And, sir, any further light with respect to the greenfield capex expansion? When will it be completed and when will it start contributing towards a top line?

Nageswara Rao Kandula: Already, Unit 5, we started. That is a new unit and we -- now almost six months back, started now that unit is operational, full-fledged. And one more unit we are going to start. That is -- maybe it will take another 16 months to 18 months to finish that unit.

Raman KV: Understood. Sir, if we consider the one-time shipment delay, our -- this quarter should have given us a revenue of around INR220 crores. So, can we expect the INR220 crores as a steady-state run rate now for the second half every quarter?

Nageswara Rao Kandula: 20% -- 20% to 25% growth possibility. This year we are going to touch this.

Raman KV: Okay. 20% to 25 percent?

Nageswara Rao Kandula: Yes. Between.

Moderator: Next question is from Rohan Mehta from Ficom Family Office.

Rohan Mehta: Hello, sir. I hope I am audible.

Nageswara Rao Kandula: Yes. Yes. Audible. Go ahead.

Rohan Mehta: Yes. So, could you explain in detail, how technically different your products are versus the peers in the space of glass-lined equipment (GLE) and also filtration and heavy engineering? And what I'm trying to understand is, sir, how are we able to get higher margins and better asset turnover compared to peers?

Nageswara Rao Kandula: So, sir, we are -- that's the reason, sir. We are actually -- name also, proposed name also, we are Standard Engineering Technology Limited. Because of the -- we are -- glass lining is one of the product line. But 80% -- suppose I -- many times, many stages I explained our company. Our company, suppose INR100 capex is there, 80% we are in-house, we are manufacturing.

We are manufacturing, installation, commissioning. That is everything we are doing. Recently, that's the reason. Next part, what happened earlier, customer design, otherwise third-party consultant design, we are executing projects. That's the reason. We have some gaps we identified. That's the reason today we are going to acquire C2C.

C2C is 20 years old entity, 130 employees. They design many, many global companies. And now we have engineering, basic engineering, detailed engineering and complete concept, and equipment manufacturing, supply, commissioning. A to Z, equipment, almost 80% variety of equipment we are manufacturing for food, pharma, and chemical.

So, they are manufacturing other companies are there. They are our competitors, but there are two, three variety of products they are manufacturing. Today, we are almost 91 variety of products we are manufacturing, and we are supplying and commissioning also. We are not only supplier, we are complete solution provider.

So, after C2C acquisition, this company became a complete precision engineering company. And we do design, we execute the projects up to water trial we are doing to client. So, complete solution. This is differentiation of the -- our -- whatever mentioned your competitors versus our company.

Rohan Mehta: Got it, sir. Thank you for the clarification.

Nageswara Rao Kandula: And margins also because we are providing complete solution. Whenever you provide the complete solution to client, you always will get better price. Not only comparing with the equipment-to-equipment, and the solution versus equipment. We are providing solution.

And also, second point, we are still 80% we are getting business from pharma. So, pharma still ready to pay good, CGMP equipment we are manufacturing, high compliance equipment we are manufacturing. So, we are always get premium price from clients. And also, we are unique products are shell and tube heat exchanger we launched, we started selling. And some various other niche products we have in our hand. Others don't have that parts.

Rohan Mehta: Right, sir. So, on the heat exchanger, I wanted a clarification. So, in the previous call, you had mentioned that, Standard Glass was the first one to launch shell and tube heat exchanger in India. And this was an association...

Nageswara Rao Kandula: Standard Glass.

Rohan Mehta: Yes. Yes. That's correct, sir.

Nageswara Rao Kandula: Just a small correction, sir.

Rohan Mehta: Yes. Yes, sir. This was an association with Asahi Glass and GL Hikko. So, while I was looking through other companies, it also seems like Anup Engineering is also in the shell and tube heat exchanger segment. So, could you just explain me what the difference in the product or application is?

Nageswara Rao Kandula: Sir, Anup Engineering or other 100 companies, many companies are manufacturing, that is metal heat exchangers, sir. Metal, stainless steel, high alloy, carbon steel heat exchangers. That heat exchangers, Anup Engineering, whatever manufacturing, we are also manufacturing. Our Metal Division, S2 Engineering, manufacturing same heat exchangers.

But we are coming to shell and tube glass lining. Tube inside glass lining. Corrosive resistance glass lining heat exchangers we are manufacturing. Corrosive technology, corrosive resistance technology we are using. That is different heat exchanger. There Anup is manufacturing, that is metal heat exchangers. Here, glass lining, metal heat exchanger, manufacturing inside glass lining we do. That is unique technology in the world.

Rohan Mehta: Got it. Got it, sir. That was helpful. And my last question...

Nageswara Rao Kandula: One more explanation. And glass lining reactor required, shell and tube glass lining heat exchangers. Stainless steel reactor, stainless steel heat exchangers. Like that, metal heat exchangers, sir, many manufacturers are there in the world or India. But glass shell and tube heat exchangers, we are unique. That is we claimed, sir.

Rohan Mehta: Okay, sir. Okay, sir. And my last question is on the planned INR200 crores greenfield capex. So, I wanted to understand what is the specific product focus of this facility? And when it comes to your timeline to reach INR3,000 crores in revenue, what sort of timeline or financial year are you looking at to achieve the INR3,000 crores target?

Nageswara Rao Kandula: Year-on-year, we are going to grow very strong fundamentals. And minimum this year also we are going to grow 20% to 25% growth. Same way we are going to continue. And coming years, we are adding many, many new products, new equipment. And also the shell and tube heat exchangers are going to play a big role to play our sales. And also heavy engineering equipment we are going to manufacture for petrochemicals, other areas.

And other MNCs are approaching. But now today, our capacity, many times I explained our plant capacity 60-ton crane capacity, 60 mm thick. That new plant we are going to use 100 mm thick, 100-ton crane capacity. And oil and gas equipment and other areas also, other customers also, heavy engineering customers also approaching. And some water, new technologies are coming. That area also we are going to enter. We are discussing with many global clients.

Moderator: Next question is from Mohit Chandnani from ValueWise Advisors.

Mohit Chandnani: Hi, sir. Am I audible?

Nageswara Rao Kandula: Yes. Yes. Please.

Mohit Chandnani: Yes. I wanted to understand the order breakup for different segments. Hello.

Nageswara Rao Kandula: Sir, segment wise, the glass lining is part is our revenue, 35% glass lining, rest of metal equipment.

Mohit Chandnani: Sir, I wanted to understand the order book for the same.

Nageswara Rao Kandula: Order book also same. Today order book...

Mohit Chandnani: Okay.

Nageswara Rao Kandula: Today we are not disclosing our order book. But today we have almost INR750 crores to INR800 crores order book. Generally, we are not announcing the order book.

Mohit Chandnani: Okay. Also, sir, what's the timeline for this order book?

Nageswara Rao Kandula: different projects are there, sir. This is different.

Mohit Chandnani: Got it.

Nageswara Rao Kandula: Some projects are six months, some projects are eight months, some projects -- some modest in four weeks, eight weeks, six weeks, based on customer requirements,

Mohit Chandnani: Understood. And also, your reaction system and storage separation system has been flattish Y-on-Y and Q-on-Q and while plant and engineering services has been growing. Sir, can you please explain that?

Nageswara Rao Kandula: Plant and engineering services means we are providing solutions now. Companies slowly become a reaction system, independent equipment sales versus we are providing. That is also reactor system also part of that plant and engineering solutions. That is the reason plant and engineering solution is increasing the revenue. But reactor also including there, that part.

Mohit Chandnani: Got it, sir. And is there any EBITDA margin difference or gross margin difference in solutions versus direct product?

Nageswara Rao Kandula: Solution always give better margin, sir.

Mohit Chandnani: Sir, any delta over product versus solutions?

Nageswara Rao Kandula: slight difference is there. Product versus solution, solution is always -- get premium price.

Moderator: Next question is from Prateek Bhandari from Aart Ventures.

Prateek Bhandari: Yes. Hi, sir. Am I audible?

Nageswara Rao Kandula: Yes. Yes, sir. Please.

Prateek Bhandari: Sir, wanted to understand, are you still maintaining the guidance that we given for the exports for the full year in the range of 12% to 15% ?

Nageswara Rao Kandula: This year we are going to maybe, yes, 12% to 13%, yes, possibility is there.

Prateek Bhandari: How much, sir?

Nageswara Rao Kandula: 12% to 13% possibility is there, sir.

Prateek Bhandari: Because if I see the first half, I mean specifically this quarter, there has been a deferment as you stated in the second half, due to which there was only 2.5% of exports.

Nageswara Rao Kandula: Yes.

Prateek Bhandari: And also, if you could give a break-up as to where we are exporting in terms of geographies? Hello?

Nageswara Rao Kandula: Yes. Yes.

Prateek Bhandari: Can you give the geographical split of our exports?

Nageswara Rao Kandula: Geography, exports, majority is in the US. and Greece.

Prateek Bhandari: USA.

Nageswara Rao Kandula: Europe and US majority. And the third one is Russia.

Prateek Bhandari: Okay. Okay. And in terms of the end-user demand, other than pharma, how we are seeing the demand for the chemicals and the other sectors?

Nageswara Rao Kandula: Chemicals, yes, chemicals also improving, sir. Now, recently we added two big clients. Earlier, they were not with Standard Glass, but they now turned up into, we got very big orders from two agrochemicals clients. Picking up.

Prateek Bhandari: Okay.

Nageswara Rao Kandula: Slowly, was not much four years back, but slowly picking up, agrochemicals requirements also.

Prateek Bhandari: All right. And for the pharma, the demand is intact?

Nageswara Rao Kandula: Pharma, yes, big -- I can say big clients' demand is intact, but still small customers are facing challenges.

Prateek Bhandari: Okay. Okay. And if you can just tell the quantum of the acquisition cost of C2C, please. I missed that part.

Nageswara Rao Kandula: C2C, we are acquiring 51%, sir. We are paying INR12.25 crores.

Prateek Bhandari: Sorry, how much?

Nageswara Rao Kandula: INR12.25 crores.

Prateek Bhandari: INR1.25?

Nageswara Rao Kandula: No. INR12.25 crores.

Prateek Bhandari: Okay, INR12.25 crores.

Nageswara Rao Kandula: Yes. This is an engineering company and they have 130 employees.

Prateek Bhandari: Okay.

Nageswara Rao Kandula: This is complete intellectual. We are going to provide intellectual to pharma and chemical food, and any industry wants to design project, we are now capable to design. And execution, everything now end-to-end. That is the reason that many engineering companies are there worldwide, they don't have equipment manufacturing.

Many equipment -- independent equipment manufacturers are there, they don't have engineering companies, they don't have commissioning, water trials, capacity companies. We have complete manufacturing, engineering, execution, up to water trials. That's the reason we have become a unique precision engineering company.

That's the reason our name change, every time, Glass lining is also growing very well. I think coming two years, we are going to become the largest glass lining equipment manufacturer. Because we are launching two block buster products. One is shell and tube glass lining heat exchangers. We had already started selling some shell and tube glass lining heat exchangers -- this last H1, we sold almost 45 numbers from Japan we imported and sold. And coming this H2, we are going to sell another 60 to 80 numbers because of capacity. But next year, April onwards, we are building the capacity plant and Japan also we are expanding. So maybe 200 to 300 heat exchangers, that's the reason next, glass lining also very fast growing. But still, other areas are also growing very fast. That's the reason. Now, company name also proposes Standard Engineering Technology. We have become a complete engineering, precision engineering company.

Prateek Bhandari: Got it. And if you can just provide the break up in terms of order book. You mentioned that we have -- we are sitting on an order book of approximately INR800 crores as on date.

Nageswara Rao Kandula: Yes.

Prateek Bhandari: If you can give the split between the segments to the different line of businesses that we are having in terms of reaction systems and plant and engineering and storage.

Nageswara Rao Kandula: Yes. Yes. That is a 30 -- glass is the same. 30% is glass lining and another 30% is the metal division and 40% maybe approximately, I don't know exact figures, 40% maybe plant and engineering.

Prateek Bhandari: Okay. And just one last question. What has been the capacity utilization rates?

Nageswara Rao Kandula: Capacity after Unit 5 added and now capacity almost 70%,

- Prateek Bhandari:** Yes.
- Nageswara Rao Kandula:** Again, we are bringing automation technology. Once automation comes, then capacity going to change in existing facilities. I told you, some recently we have started investment. This can be increased up to, we can happily go to top-line of Rs 2000crs
- Prateek Bhandari:** So, this 70% is for the glass lining or for the metal?
- Nageswara Rao Kandula:** No, sir. Glass lining still we are utilizing 50% only.
- Prateek Bhandari:** Okay.
- Nageswara Rao Kandula:** And heat exchanger, we are building the one more exclusive facility. And metal division, I am talking about the 70% we are utilizing.
- Moderator:** Next question is from Yash Upadhyay from IIFL Capital.
- Yash Upadhyay:** Hello. Am I audible?
- Nageswara Rao Kandula:** Yes. Yes. Audible.
- Yash Upadhyay:** Yes, sir. So in the last quarter, you guided that IPP exports will pick up from Q2. Have you seen any improvement in that?
- Nageswara Rao Kandula:** That is in a Q2 -- actually, customer inspections postponed. That's the reason that shifted to Q3, Q4.
- Yash Upadhyay:** Okay. So this 2.5% includes the IPP exports?
- Management:** No. That does not include IPP.
- Management:** IPP exports.
- Management:** That is postponed to Q3.
- Nageswara Rao Kandula:** Q3. IPP exports.
- Yash Upadhyay:** Okay. It has been.
- Nageswara Rao Kandula:** Postponed.
- Yash Upadhyay:** Okay. It has been delayed by another quarter. Okay. And this, the Unit 5 that you mentioned that which has been commissioned, what is the capacity utilization for that is 60% till now?
- Nageswara Rao Kandula:** Yes.
- Moderator:** Next question is from Mr. Vishal from Trinetra Asset Managers.
- Vishal:** Yes. So am I audible, sir?

Nageswara Rao Kandula: Yes.

Vishal: Yes. Thank you for the opportunity. I have a couple of questions. First, like, compared to your peers like HLE and GMM, where does Standard Glass stand today in terms of win rates, average delivery lead time and pricing power? Have you gained or lost any share in pharma or chemical segment in the past 12 months or what is the measurable hedge are you holding? I will go from that.

Nageswara Rao Kandula: Market share, we don't know. But we have a full order book. And also, day one onwards, Standard Glass is strong in pharma sectors. And earlier also, 82% were agrochemicals. But still, agrochemicals, last six months, we added two to three big clients to our basket. And the market share, we don't know. But we have full order books.

Vishal: So we can say, like, you have a strong gripper than your competitors in pharma sector.

Nageswara Rao Kandula: Pharma and the order book also increased. That is evident. Pharma industry is picking up.

Vishal: Okay. And second question, like, by '28, where do you see in terms of your revenue scale, like, your margins and your capacity utilization? Have you ever set your internal target? And which two, three executions level will be the key driver to get it?

Nageswara Rao Kandula: 20%, 25% will grow, sir. This will be year-on-year. That is we are targeting.

Management: Triggers.

Nageswara Rao Kandula: And since, like, execution level. Triggers will be we are launching. Maybe we are putting our best efforts and we are bringing many, many products. And we are adding many, many new unique things. C2C acquisition. Now, whatever you mentioned that companies are not, today, we are not our competitors. Day one onwards, I'm saying this company slowly became a unique company. And now, today, we do engineering and manufacturing and commissioning. Everything is not a one or two parts. Full basket we have.

Vishal: Okay. And, sir, any future use capex on your roadmap or not?

Nageswara Rao Kandula: And coming, yes. That is, new land is acquired and the government permission delayed. But maybe next week, we are hoping, and, we are going to receive new facility permissions. Once permissions come, new capex, we are going to do INR 120 crores to INR 150 crores. New facility in 36 acres. That is, we are building at a time 6,000,000 square feet. Very big facility. And crane capacity also 60 tons to 100 tons capacity. And fabrication capabilities also 60 mm to 100 mm, we are increasing.

Moderator: Next question is from Vineet from Toro Wealth Managers.

Vineet: Good evening, sir. Sir, my question is with respect to the shell and tube heat exchangers, the capacity of which we are coming up in January. Sir, my question is, how confident are we to utilize the 3,600 unit capacity for the next year that you are building up for that?

Nageswara Rao Kandula: No. Every month we are selling 150 reactors. Each reactor is required two heat exchangers. Based on that, we calculated.

Vineet: Okay. Sir, so the INR2,000 crores market price calculated by you, right, for this heat exchanger was derived based on what?

Nageswara Rao Kandula: INR2,000 crores means, sir, we are now, glass lining business is almost on INR400 crores Indian market. Every month, including all manufacturers, 600, 700 reactors are producing. And each reactor requires two heat exchangers. And also, existing reactors also require a lot of glass lining heat exchangers. Based on that, we calculated.

Vineet: Sir, but, I mean, the capacity that we are building up for this new technology that we have, right, of 300 units per month.

Nageswara Rao Kandula: Yes. Yes.

Vineet: And as you mentioned in the con call that we are the sole supplier of this technology in India. And the market price calculated by you is INR2,000 crores for this technology, right? So...

Nageswara Rao Kandula: Yes.

Vineet: How will we alone cater to this demand in the next financial year when we will have the capacity?

Nageswara Rao Kandula: yes., first initial phase, we are building the -- our facility, per month 300 heat exchangers capacity and based on market acceptance we will increase capacity.

Vineet: Okay. But this capacity won't fulfill the INR2,000 crores market size, this is what you are saying, no?

Nageswara Rao Kandula: No. No. No. This just...

Vineet: Okay. And sir, what is the average selling price, sir, of this heat exchanger?

Nageswara Rao Kandula: I think, the average heat exchanger INR10 lakhs is there, INR50 lakhs, INR20 lakhs, INR30 lakhs, INR40 lakhs, INR50 lakhs. The average price, based on size, it will go into price change.

Vineet: Okay. And, sir, existing product that is going in the market, that is the graphite one, right? What is the cost of that and how much premium is our product to that one?

Nageswara Rao Kandula: Graphite heat exchanger are suppose INR100, this is INR200 rupees.

Vineet: Okay.

Nageswara Rao Kandula: graphite heat exchanger life is two years, this heat exchanger life is 15 years. And also graphite heat exchanger -- releases particles and this is complete particle free. Customer don't want to use graphite, but unfortunately, they don't have option, that's the reason they are using. But coming to graphite heat exchanger, versus glass and heat exchanger, prices have changed.

Vineet: Okay. Sir, do we have any interest or the order book for this heat exchanger for the coming year?

Nageswara Rao Kandula: Currently, we are not accepting the order of heat exchanger, because of whatever capacity is there, that capacity must be booked for up to March. So, after March, we are going to -- once we started manufacturing here, we are going to start accepting the heat exchanger order.

Moderator: Next question is from Shubham from Perpetual Capital Advisors. Mr. Shubham, please go ahead with your question.

Shubham: Hello. Am I Audible?

Nageswara Rao Kandula: Yes.

Moderator: Yes.

Shubham: Just one clarification, sir. The capex part that you explained, the few capacity expansion that you are doing [within '31 00:39:49], can you please repeat that? I just missed that part.

Nageswara Rao Kandula: Capex, 36 acres, we are going to build this 6-lakh-square-feet. That is due to some permissions delayed, that's the reason construction is delayed. We are going to invest INR120 crores, INR130 crores in first phase. That is 6-lakh-square-feet we are going to finish the construction. And capacity, today existing plants only 60 mm, 60-ton crane capacity. New facilities we are going to add, 100 mm thick fabrication and precision fabrication and 100-ton crane capacity we are going to build for many sectors.

Shubham: Okay. And when this capacity will be live?

Nageswara Rao Kandula: Sorry?

Shubham: When this capacity will be live?

Nageswara Rao Kandula: It will take another 14 months to 18 months.

Shubham: 14 months to 18 months. And sir, what kind of revenue are you expecting from this capacity commission?

Nageswara Rao Kandula: We are building existing facilities. We are adding some capex with existing facilities. With existing facilities we can reach up to INR2,000 crores and that new facility also capacity we are going to create another INR2,000 crores.

Moderator: Next question is from Abhijeet, an investor.

Abhijeet: Hi. Can you hear me?

Nageswara Rao Kandula: Yes.

Moderator: Yes.

Abhijeet: Congratulations on a good set of numbers. I would like to ask a question with regards to the presentation that you are mentioning that you want to make it a complete engineering company with all synergies and different platforms like biotech, food and paint sector, etcetera. When can we expect this? What is -- I am sure the management must have thought about an idea or a vision statement. When -- what year you are going to be considered as a high-end precision engineering company?

Nageswara Rao Kandula: Today, we are already precision equipment only manufacturing and we are the -- became a largest vacuum supplier in the market also. And at the same time, we have acquired the biotechnology area, Scigenics. Scigenics is a 40-year-old company. Bioprocess and fermenter they are manufacturing. Now we are become -- we enter -- we are going to enter into that area.

And food and beverage, partially we are doing. Now after this acquisition, this C2C, they have multidisciplinary and they can design food industry, beverage industry, and biotechnology industry. So we are already independent equipment we are manufacturing. Once this company comes into the platform, so we become a complete engineering company to this sector.

Abhijeet: Okay. And what about your new product with the glass lining? You said that your order book is full up to March. But I remember in the last con call, you said that a lot more capacity is going to be added in the quarter three, quarter four for these orders to be executed or did you mean that you would get deliveries from your partner in Japan and then start selling? I just wanted some clarification.

Nageswara Rao Kandula: No. Already -- that's the reason, sir. Now we are -- Japan plant has limited capacity. That's the reason heat exchangers are already up to March. We are fully booked. That's the reason we are monthly some -- we are getting some from Japan and we are executing. We supplied many clients.

One good news is all -- wherever we installed, all clients are very happy. They expressed that they are sending mails and they need more heat exchangers. But the thing is, we are fully booked. So next April onwards, we can produce based on our customer demand. That's the reason we are exclusively constructing one unit for the heat exchangers.

At the same time, Japan also, some -- because of some parts -- critical parts we are going to produce in Japan. So they are also increasing their capacity. Then April onwards, next year, first quarter onwards, these results will come -- start come -- will start coming.

Abhijeet: So April onwards, you are expecting the 300...

Nageswara Rao Kandula: Capacity...

Abhijeet: Equipment?

Nageswara Rao Kandula: Sorry, plant capacity we are creating. Slowly we can -- based on demand, we can produce.

Moderator: Next question is from Raman from Sequent Investments.

- Raman KV:** Thank you, sir, for the follow-up. Sir, this is a follow-up on the previous participant. You said you will be setting up a new manufacturing line for this glass-lined equipment next year. What will be the incremental cost? And as of now, we are doing only assembly. Like, basically, we are manufacturing the glass-lined equipment in Japan and getting it here and assembling and then dispatching. What is the margin now in this assembling of glass-lined equipment versus once you start your manufacturing in-house from quarter one of next year?
- Nageswara Rao Kandula:** Currently, the margin is okay. Okay, okay. And once the heat exchanger is started assembling in India, margins are going to, I'm expecting at the minimum, PAT going to 15%, 18% in one heat exchanger.
- Raman KV:** And, sir, what will be the incremental capex for setting up your own unit out here?
- Nageswara Rao Kandula:** In Unit 2, we are doing capex another maybe -- some we are -- some Japanese companies are investing in Japan only. We are not taking that. In India, we are going to invest another INR10 crores to INR15 crores.
- Raman KV:** Okay. Okay.
- Nageswara Rao Kandula:** Because already we have some existing furnaces, equipment, and assembly. That machinery we are going to shift to a new unit.
- Moderator:** We have a follow-up question from Mohit Chandnani from ValueWise Advisors.
- Mohit Chandnani:** Hi, sir. Thanks for the opportunity again. So I wanted to understand the products versus solution business. Is the working capital cycle different in both?
- Nageswara Rao Kandula:** Solution working capital, it will increase, sir. Because it will take integration and everything. Milestone basis, we will get the payment.
- Mohit Chandnani:** Okay. So can you give us a quantum of the difference in product versus solutions?
- Nageswara Rao Kandula:** Not much significant, slightly different, sir. Not much significant difference.
- Mohit Chandnani:** Any number on that side?
- Nageswara Rao Kandula:** Particularly, I don't have a number, sir. But not much difference. But a little bit, slightly difference in there, please.
- Mohit Chandnani:** So the incremental EBITDA that we make, the incremental working capital that comes in, so is it ROC accurate or?
- Nageswara Rao Kandula:** I think that is...
- Mohit Chandnani:** Sorry, sir. I didn't get your answer.
- Nageswara Rao Kandula:** No. No, sir. Ask me again, sir.

Mohit Chandnani: Sir, you say you make more margins on the solutions business, but you also employ more working capital. So is it ROC dilutive or ROC accretive? The solution versus product business.

Nageswara Rao Kandula: ROC is going to increase, sir. ROC is going to increase.

Mohit Chandnani: Got it. Okay. Got it. And in the glass lining shell and tube heat exchanger, you say the life is 15 years while graphite life is two years.

Nageswara Rao Kandula: Two years, three years.

Mohit Chandnani: So I wanted to understand, do you give a -- sorry?

Nageswara Rao Kandula: Two years to three years, four years, that's all, sir. Max to max.

Mohit Chandnani: Okay. Got it. Sir, for these 15 years, do you give a warranty or how is this?

Nageswara Rao Kandula: Warranty we will give only one year, sir.

Mohit Chandnani: And even for graphite, the warranty is one year?

Nageswara Rao Kandula: Graphite, one year they will give. They will also give one year only. But based on Japanese user experience, and we installed only -- just six months back only, we installed in India. But based on customer, they are using last 15 years, 10 years, I think 12 years, last 12 years, Japanese customers are using these heat exchangers.

Mohit Chandnani: Got it. Got it. Understood. And the demand for these heat exchangers, since it is expensive, is more from the pharma side.

Nageswara Rao Kandula: Pharma and chemical also, sir.

Mohit Chandnani: Got it.

Nageswara Rao Kandula: SRF, we installed many. Now SRF, ordering pipeline, we are going to deliver in H2.

Mohit Chandnani: Got it. Understood. And can you throw some light on how the pharma and chemical demand, capex demand is shaping up in India right now?

Nageswara Rao Kandula: Pharma demand is increasing, but big clients are doing, sir, capex. Small clients still struggling. I saw personally, then small, medium, below medium customers are not doing any capex. Our growth, all top big clients, due to big clients only we are growing very fast. But once this turned up into small clients also start the capex, then going to blockbuster demand. But last two years, three years situation is the same. Big clients are doing continued capex.

And big clients are announced, whatever we have clients, they announced very, very big capex is coming two years, three years. And small clients still facing cash flows issues and a lot of things. Because of due to price issues, they are trying to support price issues. And agrochemicals also slightly increasing demand. We got good orders from two big clients from agrochemicals.

- Mohit Chandnani:** Understood, sir. And when you say big clients and small clients, so pharma versus chemical? How do they supply...
- Nageswara Rao Kandula:** I am talking pharma only. Pharma only big clients versus small clients, I told you. All are pharma clients.
- Mohit Chandnani:** Okay. Okay. And when you say big clients and small clients, so how is your revenue concentration looking for top five clients in pharma?
- Nageswara Rao Kandula:** Top five means about INR2,000 to INR3,000 crores -- INR2,000 crores revenue companies are sustaining and they are doing well. They are getting good orders. They are doing continued capex. And below INR500 crores...less capex.
- Mohit Chandnani:** Got it.
- Nageswara Rao Kandula:** Earlier they are doing, every year they are adding 10 reactors, 12 reactors. Without marketing, our order book also full. But nowadays, that INR500 crores below revenue companies, they are not adding any capex.
- Mohit Chandnani:** Sorry, sir. Maybe my question didn't come across correct, but...
- Moderator:** Mr. Mohit.
- Mohit Chandnani:** My question was...
- Nageswara Rao Kandula:** Yes.
- Moderator:** Mr. Mohit.
- Nageswara Rao Kandula:** Tell me, tell me, tell me. No problem. One minute, madam. One minute. I want to clarify. Okay.
- Mohit Chandnani:** Yes. Sir, I wanted to understand your revenue concentrations from top five clients.
- Nageswara Rao Kandula:** Top five clients.
- Mohit Chandnani:** So how many -- how much?
- Nageswara Rao Kandula:** Top 10 is, I think, 45%.
- Moderator:** Next question is from Rahil from Sapphire Capital.
- Rahil:** Hello, sir. Good evening. Can you hear me?
- Nageswara Rao Kandula:** Yes. Yes.
- Rahil:** Yes. Sir, I want to understand on the margins trajectory, EBITDA margins going ahead, you've done sort of 18.5%, 18.8% in H1, correct? -- will this sustain in the coming second half or you expect increase in margins? And also, given your growth guidance...

Nageswara Rao Kandula: Definitely it will sustain. Growth also very good. Definitely it will sustain. Export also going to happen in H2. So margins going to, slightly going to increase.

Rahil: So, but now that you're focusing more on solutions, so next year, what sort of incremental margins can we expect? EBITDA margins? Any range you have like penciled in or projected internally? Something you can achieve?

Nageswara Rao Kandula: Slightly it is going to increase, but number-wise, I can't predict now, but slightly going to, our margins are going to sustain because we are a unique company. We are providing complete solution to clients. The client wants complete solution, not a supplier, just not a supplier.

Rahil: Okay. So it's fair to say the current level is sustainable and it won't go down from there, but only upwards.

Nageswara Rao Kandula: Yes.

Moderator: We have a follow-up question from Kaushik Mohan from Ashika Group. Mr. Kaushik, please go ahead with your question.

Kaushik Mohan: Hello. Am I audible now?

Moderator: Yes.

Nageswara Rao Kandula: Yes. Yes. Yes. Please.

Kaushik Mohan: Yes. Sir, I just wanted to understand, this year if we are doing INR750 crores on the top-line, that means that if I assume 25% growth rate, then we should be almost doing around INR930 crores to INR950 crores in the next year? Is my understanding right on that part?

Nageswara Rao Kandula: Correct. 25% if we do. If I do, 25%, yes.

Kaushik Mohan: Perfect. Sir, and with the capacity that we are putting up, right, new factory, that coming into existence, our asset utilization will be very low. So with the new factory coming up and for looking at the newer growth rate, can we expect FY '28 to have a very good growth rate? Is my understanding right over there also?

Nageswara Rao Kandula: Yes. Yes. Correct. Correct. That facility once comes, then we are going to add other areas.

Kaushik Mohan: Okay. Okay. So there will be like a J curve in the growth rate will be in FY '28, that means?

Nageswara Rao Kandula: No. We are -- now also we are growing. FY '28 onwards may be more growth, that is we are expecting.

Moderator: Thank you very much. That was the last question for the day. I would now like to hand over to management for closing comments.

Nageswara Rao Kandula: Thank you all. Thank you participants.

Moderator: On behalf of Go India Advisors, that concludes this conference call. Thank you for joining us.
You may now disconnect your lines.