



Meson Valves India Limited

**Meson Valves India Ltd
H2 & FY24 Result Conference Call**

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Moderator:

Ladies and gentlemen, good day, and welcome to the Meson Valves India Limited H2 and FY24 Earnings Conference Call, hosted by Ventura Securities Limited. As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded.

Before we begin, I would like to point out that this conference call may contain forward-looking statements about the company, which are based on the belief, opinions, and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company, and it may involve risk and uncertainties that are difficult to predict.

I would now like to hand over the floor to Kaushal from Confideleap Partners. Thank you, and over to you, sir.

Kaushal:

Thank you. Good day, ladies and gentlemen. On behalf of Confideleap Partners and Ventura Securities, I welcome you all to Meson Valves India Limited H2 and FY24 earnings conference call. The company is today represented by Mr. Brijesh Madhav Manerikar Chairman and Managing Director, Mr. Swaroop Natekar, Promoter and Whole-Time Director, Mr. Kishor Makvan CEO and Executive Director, Ms. Viiaya Shahapurkar, CFO. I would like to hand over the call to Chairman and Managing Director of the company, Mr. Brijesh Madhav Manerikar, for his opening remarks. Thank you, and over to you, sir.

Brijesh Madhav Manerikar:

Thank you, Kaushal. Ladies and gentlemen, good afternoon. A warm welcome to each of you as we gather for the conference call of Meson Valves India Limited, where we aim to delve into our exceptional performance during H2 and FY24. Before we go into the specifics of H2 and FY24, please allow me to provide a concise overview of our company. Meson Valves India Limited has swiftly emerged as a leader in assembly, manufacturing, purchasing, distribution and servicing of an extensive

range of products, including valves, actuators, strainers and remote control systems for various industries.

Globally recognized as the valve specialist, we excel in the design, manufacturing and supply of broad array of valves made from both ferrous and nonferrous materials. With a diverse product portfolio of over 25 SKUs and a robust order book of exceeding INR 40 crores, we serve B2B customers across defense, marine, offshore, oil and gas and other industries. We are continually expanding our product range, including the introduction of filters to adapt to evolving market needs and better serve our clientele. Our unwavering commitment to quality, innovation and customer satisfaction has cemented our reputation as a trusted industry partner. We also provide comprehensive installation and maintenance services, ensuring our clients to achieve their optimal product performance.

Operating from a state-of-the-art facility in Bhamboli, Pune, equipped with advanced CNC machines and testing machinery, we guarantee that every product meets the highest quality standards. Our dedication to excellence is further validated by our ISO certifications, which reflect our stringent standards in the design, development, manufacturing and servicing of our products. Our strategic growth includes a pivotal foray into manufacturing aim at broadening our operational scope and delivering superior products by leveraging our established expertise. Our recent joint venture with Nibe Meson Naval Limited is designed to enhance our value added services, significantly boosting clients throughput. Aligning with global trends, we are intensifying our focus on serving the defense sector and addressing environmental challenges, reflecting our commitment to sustainability and social impact.

Our license agreement with Georg Schunemann GmbH Bremen, Germany, authorizes us to utilize their critical expertise in filters, manufactured products and inserts. This collaboration also provides us with the added benefit of technical assistance from Georg Schunemann GmbH, ensuring the optimal use of technology. Our recent listing on the BSE SME platform in September 2023 marks a significant milestone in our journey, underscoring our financial robustness and market credibility. At Meson Valves India Limited, we are poised to harness these growth opportunities, delivering exceptional value and innovative solutions to our clients worldwide. The global industrial valve market is projected to grow from USD 80.4 billion in 2023 to USD 99.8 billion by 2028 at a CAGR of 4.4%. In India, the industrial valves market was valued at USD 2.6 billion in 2021 and is expected to reach USD 3.7 billion by 2028 with a CAGR of 5.2%.

India's strategic initiatives, including increasing defense exports to USD USD 5 billion by 2024-25 and a 5.8% increase in capital allocations for modernization and infrastructure development of the defense services to USD 20.7 billion , underline the significant growth opportunities in the sector. Furthermore, as the 3rd largest energy and oil consumer globally, India's oil demand is expected to rise from 40% to 6.7 million barrels per day by 2030 and further to 8.3 million barrels per day by 2050. The Indian water and wastewater treatment market is also anticipated to grow at a 9.7 % CAGR reaching to USD 2.08 billion by 2025.

Commenting on the financial highlights of H2 and FY24, it is evident that Meson Valves India Limited has demonstrated remarkable resilience and strategic progress.

During H2 FY24, the company's total revenue increased significantly to INR 43.38 crores, showcasing its adaptability in an ever-changing business environment. The EBITDA was INR 10.83 crore with a

robust EBITDA margin of 24.96%, reflecting operational efficiency. The notable profit after tax PAT of INR 6.44 crores with a PAT margin of 14.85% further underscores Meson's financial strength and sound decision making. Additionally, the earnings per share stood at INR 7.39.

For the full fiscal year of FY24, the company's total revenue increased significantly to INR 63.32 crore, again highlighting its adaptability. The EBITDA was INR 4.95 crore with a strong EBITDA margin of 23.61%, indicating continuous operational efficiency. The PAT was INR 9.05 crore with a PAT margin of 14.3%, underscoring Meson's financial robustness. The earnings per share for FY24 was INR 10.38.

Looking ahead, Meson Valve India maintains an optimistic outlook, grounded in its strong H2 performance and strategic initiatives aimed at achieving the industry prominence. The company's consistent growth and financial stability position, we are favorable for continuous success in dynamic market landscape.

Before we go into the Q&A session, I want to express my sincere gratitude to all our stakeholders for being an integral part of our growth journey. Your support and involvement has played a crucial role in our success, and we genuinely appreciate your valuable contribution. With this, I would like to open the floor for Q&A. Thank you once again for your presence and continued support.

Moderator:

Thank you, sir. Ladies and gentlemen, we will now begin the Q&A session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. We will wait for a moment while requesting queue assembles. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad. First question comes from Naheema Rathod from Tiger Assets. Please go ahead.

Naheema Rathod:

Hello? Am I audible?

Moderator:

Yes, ma'am.

Naheema Rathod:

All right. Congratulations on the great results. I had a few questions. So, in FY23, we've seen a decline in our exports. So how does the company plan to balance its revenue between domestic and international within the recent international order from KW Engineering Solutions?

Brijesh Madhav Manerikar:

So your question is that, your concern is that our exports have reduced or no?

Naheema Rathod:

Yeah, so the exports in FY22, were around 7%, and now they've decreased to almost 1.5% in FY 23. So yeah,

Brijesh Madhav Manerikar:

So I got your question. So what has happened in the past that in the last year there has been so much new projects which have been announced in defense sector of India. And also if you see the maritime vision, Amrit Kaal 2047, Indian government is pushing for defense stronghold. Lot of new projects in defense are coming. So our capacity utilization was almost 100% just for domestic.

So, that is the reason why we were running. We strategically did not go for export because the demand from domestic was very high. Even in the coming future, we see a huge demand from the Indian local PSUs with the defense maritime, marine and as the things are progressing, we see that there is a huge surge in the local domestic shipbuilding projects, naval projects, where we have to also significantly gear up. So where we are working at present to gear up our facilities by adding some capital expenditure machines, CNC machines, all these things. This is the reason what we are doing.

And at the same time, we are also focusing at our export market, because the geopolitical situation also today demands that India is in the favorable position. So, now, after the catering to domestic, we are looking at going for export markets like U.S, Canada, Russia. I think our CEO, Mr. Kishor Makvan, can you just also brief on what kind of opportunities we are planning to look into in future for export?

Kishor Dhondu Makvan:

Yes.

Brijesh Madhav Manerikar:

Over to you.

Kishor Dhondu Makvan:

Yes, thank you. So regarding the international market, as we are into the niche market of the nonferrous valve, so considering now majority of the valve manufacturers, they are into the ferrous valve manufacturing. So considering nonferrous valve manufacturing yes definitely, we have huge potential as what, our business manager has already told. So now we are taking care of all the export requirements. So we have started our activity to market our product for the globally.

Considering as he likely told yes, after the addition of the machine, we will be having a better capacity for handling all the export orders also. As far as concern, regarding the new certification requirement, we are also catering to the new certification requirement, which are required for exporting our product globally. So considering the nonferrous market, there is a huge scope for considering all the sectors

where nonferrous was at the U.S. So definitely, we will be ready to capture all the global markets on that.

Brijesh Madhav Manerikar:

Thank you, Mr. Kishor.

Kishor Dhondu Makvan:

Yes. Thank you.

Naheema Rathod:

So like you said, like, for example, you said defense sector is somewhere where you're looking for good projects that are coming in. So is that the most lucrative sector that you would say or other sectors like oil and gas and power generation probably? And how are we looking at, you know, taking advantage of government initiatives in the other sectors as well?

Brijesh Madhav Manerikar:

So, our niche, like Mr. Kishor has said, our niche is nonferrous. There are so many valve manufacturers in India, but hardly around less than 5% are in nonferrous. And that too the quality standards which the naval industry demands. To meet their standards, you can say that the figure drops down further.

So, we are one of them. So our main focus is niche because defense industry is growing at a very unprecedented pace. We are apart from valves, we have just recently ventured into a joint venture with the Nibe Meson Naval Limited where we are trying to provide value added services to our clients in the Navy and the PSCs, defense PSCs, whoever are in the defense sector. So that itself will provide us a very good revenue margin. And secondly, the competition in this segment as of now is much less than what we can see in the other sectors, which are mature sectors. We can say oil and gas and other industrial sectors are mature sectors. There have been so many players, so much competition. Of course, we have the product range to go into that, foray into that sector. But the defense industry itself is growing at a pace. 50-60% revenues will come only from defense.

If we focus and continue our product for a expansion, continue to give more value-added services to our clients, we will be having a very stable and sustainable and good revenue with good margin from defense and marine industry. So that is a strategic decision what we have taken. Of course, at the same time, like you said, government is taking initiatives in other industrial sectors also. And we are looking, we have already developed a team in sales and marketing, and they are focusing on where we can have an opportunity in other sectors like oil and gas, nuclear power, because the products, whatever are used, are safe. And once we have the highest quality norms met, to meet the other industry standard is a little bit easier to for us.

Kishor Dhondu Makvan:

I also want to add, hello?

Brijesh Madhav Manerikar:

Yes. Yes, Mr. Kishor, please.

Kishor Dhondu Makvan:

Yeah. I also want to add more into that. Brijesh Sir, you are right. Apart from Marine and Defense, we are having a lot of scope in oil and gas and other sectors also. In fact, presently also we are executing some of the orders of power sector where we are providing the ones to the actually end user is NTPC.

Apart from that oil and gas also we are supplying, but as Mr. Brijesh said that we are concentrating on the critical areas where we can show our expertise. So we are providing valves to the multinational, leading multinational in the oil and gas like HPCL and ISDN. In fact, we are providing valves to the aviation fuel also, which is used, our valves are used in Mumbai airport all the aviation fuel line for that also. Apart from that, whatever the critical applications are there in oil and gas just like hydrocarbon, so we are there before that sector also with our critical products for that.

And Oil and Gas also as we are already into offshore market for them because shipping and marine industry mostly deals with the sea shore. So definitely, oil and gas also lots of critical applications are there where the nonferrous requirement are our specialized products like Triple Offset Butterfly Valve, Top Entry Ball Valve, we can very well use in oil and gas also due to their less maintenance and higher performance. So our products are already ready for that particular application. In fact, in India we are supplying that also. And considering as you said, Mr. Brijesh rightly told and right from beginning we have found in the offshore market, inshore market. It will be slightly easy for us to catering the different sectors like, oil and gas power, and we already started supplying them also.

Brijesh Madhav Manerikar:

Thank you.

Naheema Rathod:

All right. Well, I just have one last question.

Moderator:

Sorry to interrupt you, ma'am. Can you join back the queue, ma'am?

Naheema Rathod:

Yes. That's all right. Thank you.

Moderator:

Thank you, ma'am. Ma'am. I request the participants to stick with three questions in the initial round and join back the queue for more questions. Next question comes from Mayank Jain from Purva Publishers Limited. Please go ahead. I repeat question comes from Mayank Jain from Purva Publishers Limited. Please go ahead. There is no response. The next question comes from Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave:

Am I audible?

Moderator:

Yes, sir.

Agastya Dave:

Thank you very much for the opportunity. Sir, you mentioned that because your entire capacity was replenished for domestic orders, you could not do exports at the scale that you wanted to do. So I was just wondering, what is your full capacity as of now? And are you running at 100% capacity utilization? And what about growth for next year? How do you plan on manufacturing whatever additional orders that you have?

Brijesh Madhav Manerikar:

Yes. So what we are doing today, earlier before listing on SME, we were almost running at 100% utilization. After infusion of partners, I should say, at the BSE, we have infused capital to increase our CapEx expenditure. We have now new CNC machines. We are also integrating a foundry that is a reverse integration what we're doing these all are strategic markets and when we are doing export, it's a country image. So foundry plays a very critical role. Earlier everything casting was getting outsourced. So today from July, we will be in position to integrate that process also within our production range. So that will help us to scale up our facility, also to scale up production.

So to go back to what we see here on there is a timely ready balance. The foundry is very critical. The timeline delays any optional thing, whatever qualities is purchased, there are any possibility that there could be delays. That hampers a very and also it plays a very down part when you are doing export delays. So we were very strategic in that. Definitely, our capacity was utilized, but that was also a strategic decision to focus on domestic first because the demand was that much.

Agastya Dave:

I understand, sir. So after this foundry and the backward integration and whatever additional capacity that you are adding, how much additional throughput can you generate from your all your facilities?

Brijesh Madhav Manerikar:

So, yeah. I can say if you just put it in numbers literally, it will be 30%, 40% increase.

Agastya Dave:

And sir, are there are these expanded capacities ready for use today or we are still finishing on the everything is in process?

Brijesh Madhav Manerikar:

It is in process. The integration is in process, we expect that another couple of months will go down the line. But that is identified, and we are doing it. Yes.

Agastya Dave:

Okay. And sir, you mentioned the backward integration in the DRHP also. So, this foundry, once that is commissioned, this will cater to your entire expanded capacity. And what will happen to your margins because of this? If you're backward integrating your theoretically your margin should go up, right?

Brijesh Madhav Manerikar:

Yeah, yeah. So, definitely, margins will increase. Share difference will be there in the margins. Margins will increase only because of this. And like I said, the foundry will [inaudible 00:23:58] This is we have, we expect that foundry has to cater to all our 100% needs, but we are always open. We have also we have developed other foundries also, keeping everything in one basket is always not good. So even though it will be our foundry, this will be commissioning the foundry. So there are always some teething issues could be there.

So I think a year down the line, you can say maybe next year onwards, the foundry will be fully taking care of for all our operational needs. This year, we think that the foundry will take at least half of the load, half of the load. And half of the load will still depend on out source foundry outsource partners who we are doing. Yeah. And because that is a sustainable way. Just to say that from day one, the founder will get 100% needs. It's just, it is a most, what do you call that, optimistic condition, optimistic situation.

Agastya Dave:

I understand. I understand. Sir, sir, because foundry is always a high value addition...

Brijesh Madhav Manerikar:

Yes.

Agastya Dave:

Step. Right? So I was just wondering, can your margins across 30% once your account is fully operational?

Brijesh Madhav Manerikar:

No. Immediately, no. Because

Agastya Dave:

No. Well, sir, on full commissioning and full utilization.

Brijesh Madhav Manerikar:

See, there will be change in 5%. The foundry, it is foundry, it is not that high value also that it will increase the margin. But today, if we are talking about 13%, 14% PAT, you mean to say it will not be doubled by adding foundry?

Agastya Dave:

No. No. No, sir. I meant EBITDA margins. Sir, EBITDA margins are around 25%. 23%, 25%. If you take PAT margins, so PAT margins are basically, what I mean is, will the foundry add, anywhere between 3% to 5% to your PAT percentage base?

Brijesh Madhav Manerikar:

Yeah. It is possible. It is possible. Yes. That is the reason. Yes.

Agastya Dave:

Okay.

Brijesh Madhav Manerikar:

It is possible that the foundry will add to somewhere shares increase the margin, I think, by 3%. It is possible. Yes.

Agastya Dave:

Excellent. Sir, I have one more question, but I'll go back in the queue. Madam? Hello? Hello?

Moderator:

Hello, sir?

Agastya Dave:

Yes. I have another question, but I'll go back in the queue. Since you have put a restriction on a number of questions, I'll go back in the queue, ma'am. I'm done as of now.

Moderator:

Thank you, sir. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad. Next question comes from Sooraj Sali, an individual investor. Please go ahead.

Sooraj Sali:

Hello, Brijesh-ji. Namaste.

Brijesh Madhav Manerikar:

Namaste.

Sooraj Sali:

Actually, first of all, congratulations for entire Meson team working hard for India, we can say. And as per your previous comment in this con-call, you seem very bullish on defense and marine sector and overall in India. So I hope, as a we as a Indian will do best for our country. And you are acting as a main part of this ecosystem. So congratulations for whatever you are doing. I have 2 questions, regarding, Meson. Last time I think, 2 months back, you have uploaded some notification to the exchange regarding tie-up with one of the company in Germany regarding I think, filter. Okay.

Brijesh Madhav Manerikar:

Right.

Sooraj Sali:

Okay. So what is your plan, what is your plan to I mean, what is your strategic plan for, to tie up with that company? How big that market will be in India basically? And how that product will be different from Indian product, you can say? I mean.

Brijesh Madhav Manerikar:

So, that's a good question. What has happened, we are also start ventured into water treatment and wastewater treatment solutions. That company has been incorporated, and we have also uploaded notification in that regard. Full time management is process is in process to be placed in the company. And the products, what are there in that company where we are doing wastewater treatment, this filter, particular filter will be used for that product mainly for our own consumption.

So this filter is different from whatever is available in India just because today, whenever you're cleaning any filtering, especially when it comes to STT or waste water explant treatment, A filter cleaning means there is a manual operation involved, possibility of choking, everything. This particular technology from Germany, what we bought, is automatic cleaning facility what we can give to the clients. So that is a big difference. We provide automatic cleaning solution. No need of manual intervention.

It will automatically periodically keep on cleaning the pre and post filtration. So that is the advantage of that item, mainly for our own production. But we are open to sell it to other industry. As soon as the team is in place, that sales team will take up that and we will venture for wherever possible the water industry is growing in India. This filter can be applied in river, farm, fishing industry, river rejuvenation, power sector, desalination, everywhere this filter finds a place. It's a special water filter only. So that we are we will work on selling this filter in other industry, but our major consumption of this filter will be in-house. That is a specific technology addition to our product. Yeah.

Sooraj Sali:

It will be completely considered make in India, right? Made in India?

Brijesh Madhav Manerikar:

Make in India. And some parts, say, around 20% parts will come from Germany, 80% of it will be made in India.

Sooraj Sali:

Okay. Okay. Okay. Okay. And one last question related to this only. Now I think, there is announcement regarding H2O Dynamics, our another company. Okay?

Brijesh Madhav Manerikar:

Yes.

Sooraj Sali:

So, how you see water as a segment in India? And what's your vision to solve this issue actually? What risk?

Brijesh Madhav Manerikar:

So now this, whatever we have been associated with a very experienced team in H2O. The full time management is in place. The CEO is in place. The director for sales will be in place from July. CTO is in place already.

And what I have gathered information, wherever we approach any clients, like, this we are into first of all, products for that, I'll tell you is STP, ETP, and water drinking water solutions for domestic as well as defense. These are the 4 sector products which we will focus upon. And when we go to STP and ATP where the zero waste water treatment or today's whatever water is outside, we have treated water. We find that many industries have installed STP and ATP, but they are not working. There are so many companies in India, they have just supplied the plant whatever technology. And after 1 or 2 years, there is a very reputed, very big company here, which is renowned. I will not name it here. There, after 1 year, that plant is non operational.

Brijesh Madhav Manerikar:

So I want to add,

Brijesh Madhav Manerikar:

So Mr. Swaroop just want to add something.

Swaroop Raghuvir Natekar:

What I want to add that we just started, but the response from the industry is very much overwhelming, like we are getting we almost got 20, 25 inquiries right now. And most of the inquiries we are seeing that we can convert into the business. And there is a real problem there. Whatever the supply happened by other, our competitor, is not so satisfactory. So we are giving them a perfect solution, and we are seeing a promising business.

Brijesh Madhav Manerikar:

Thank you, Mr. Swaroop.

Sooraj Sali:

Okay, okay, okay. Great. Thanks for the answer, Mr. Swaroop and Brijesh. So I would like to see H2O Dynamic as a brand in this order segment as a shareholder of this company. Wish you all the best, sir.

Swaroop Raghuvir Natekar:

It will be, we are very much confident about that, because the technology we have developed is such.

Sooraj Sali:

Thank you so much.

Brijesh Madhav Manerikar:

Yes. Thank you. Thank you.

Moderator:

Thank you, next question comes from Chirag Dashh from PA and Associates. Please go ahead.

Chirag Dashh:

Yeah. Thanks, sir. It's good to hear from Meson Valves Management. So my question is with city industry set to grow huge in coming next few years. So how important is the OGC of our company being a valve's manufacturer? And, if you can give, guide a little bit about the replacement demand and how our gross margins going to expand in next few years. Like in replacement case, is the margins higher? If you can guide about that.

Brijesh Madhav Manerikar:

Sir, your question was related to which industry, if you can please repeat. You mean to say replacement industry?

Chirag Dash:

Replacement industry. Yeah.

Brijesh Madhav Manerikar:

Shipping industry, particularly to shipping. Right?

Chirag Dash:

Yes.

Brijesh Madhav Manerikar:

So, shipping industry, the, you mean you are also you mean also shipbuilding in cover in that, right?

Chirag Dash:

Yes.

Brijesh Madhav Manerikar:

Shipbuilding and shipping? Or only specific to shipping? Because shipping...

Chirag Dash:

Sir, sir, the valves are in the initial stage of the value chain, before the ship gets built the valves order are placed. I think so.

Brijesh Madhav Manerikar:

Correct.

Chirag Dash:

I wanted to understand about the replacement demand in this valve service.

Brijesh Madhav Manerikar:

So the replacement demand, we are not into that segment as of now, because for that we have to keep a huge stock. The replacement there are on a ship, particularly so many types of valves. And the ships, whichever are sailing, they sail all over the world, so their demand is to transport 1 or 2 valves at wherever port locations they have. And a lot of shipping companies, they demand that you should have warehouses at these and these locations. So, our parent company, which is Meson Valve , Sweden, they are very much into this shipping replacement business. Their, 80% of their business comes only through this day-to-day trade, we call it day to day trading, because they have put their warehouses in strategic locations like Singapore, Rotterdam and USA, so where most of the port calls go and where most of the ships replacement or small time repairs are happening.

So but in India, ship repair business will come in future. It's as for the government vision for Amrit Kaal 2047, ship repair will be the one of the biggest activity in India. So I think that in a few years down the line, replacement of valves on the ships will also be a sizable amount of business. And we are aware about that and we may consider that also as an opportunity for us, because we are, we supply large to new ships. So replacements are also the same products. But, I think in next 3, 4 years, this is a very good business opportunity, and we are looking into that, sir. Yes.

Chirag Dash:

Okay, sir. My second question is, regarding the latest developments what we have put in the exchanges, be it the H2O Dynamics or the, recently that German company tie up. So how all these things will translate into the numbers? And how much growth we are expecting for the next few years?

Brijesh Madhav Manerikar:

So we are, our motto is very simple. We want to be sustainable. So relying only on one product, can also sometimes be, you know, posted there has been success stories. But what we have found is there is a when we have possibility to expand our products, focusing on particular sectors like defense, water, which have already been well, being in valve industry, we are aware about this industry. So keeping focus on that industry, we have ventured into, we are added to these products to our portfolio.

So I think we will be able to achieve a very sustainable growth of 25%, 30% year-on-year. So that is also our target to be sustainable. So I think these water treatment solutions, drinking water solutions for domestic and defense, we are already dealing for valves with defense and shipbuilding. So I think this with the addition of these filters and addition of the water treatment solution, we will cater to the same industry.

Chirag Dash:

So this filter one is a it's a unique product type. I don't see any peers in domestic or, are there some peers who are already doing it or is it completely unique filter`?

Brijesh Madhav Manerikar:

For the filter, our filter for water is a unique product because the other people are doing are manual. This is automatic cleaning filter. This cleans by itself. We don't have to do a back put and putting your hand or something.

Normally, whenever there are filters, people have to take out the thinner out plus in this case, it's automatic filter, which we are putting as a salient feature in our STP, ETP. That is the main target main reason for that technology time. It will be a part of our own end product, which is STP, ETP.

Chirag Dash:

Got it, sir. And the advanced treatment technologies, like I mentioned, evaporation, filtration or in aerobic anaerobic process, So that is also something unique there. You are doing an industrial wastewater treatment or other companies are also doing it?

Brijesh Madhav Manerikar:

There are today, water has become so hot that so many companies are now started to come into that. The crux is it's not the technology that is a crux. Crux is what? When we supply a particular equipment, there should we have what we have seen today, people just supply and then forget it. There is no after sale service. There is no assistance on operation of the product or of the plant.

We have seen in maximum 70-80% cases, the plants which are supplied are not operational or they are not giving results as per the PIS standards and WHO guidelines. So our focus is definitely technology is unique technology. It should be slightly different from what is available in market. We have very expert CTO who is part of our team. And what we will give is we will give O&M, operation and maintenance assistance to the client.

And we want to give one additional step to them. And we guarantee a longer duration for membrane when it comes to freshwater treatment, we give a 3 year guarantee to membrane, which other people may not give in this market today. So that is something unique. I think that will help us to gain more market share. Yeah.

Chirag Dash:

Okay, sir. My last question, sir,

Moderator:

Sorry to interrupt you sir.

Chirag Dashh:

Yeah. Okay. Okay. Thanks.

Moderator:

Thank you, sir. I request the participants to restrict with one question in the initial round and join back the queue for more questions. Next question comes from Varun Jain from Akshaya Vardhaman. Please go ahead.

Varun Jain:

Sir, good afternoon and congratulations on a set of numbers. The growth seems quite pronounced in the P&L statement. I had one question regarding the company which has forayed into the [inaudible 00:41:07]

Brijesh Madhav Manerikar:

Hello? Hello? Call got disconnected?

Moderator:

No, sir. Please go ahead. Varun, sir? So just a moment sir. Let me check.

There is no response. The next question comes from Harshit, an Individual investor. Please go ahead.

Harshit:

Hello?

Moderator:

I repeat yes, sir. Please go ahead.

Harshit:

Yeah. Am I audible?

Moderator:

You're audible, sir.

Harshit:

Yeah. Good afternoon, madam. Good afternoon, sir. Congratulations for good numbers.

Brijesh Madhav Manerikar:

Good afternoon.

Harshit:

Sir you have mentioned about the JV with Nibe for value added products, sir. How big is this opportunity, and is it as good as our existing valve business, sir? Can kindly throw some light on it?

Brijesh Madhav Manerikar:

Yeah. That's a good question. That is, these shipyards which are building ships today to increase their throughput, we had suggested them some of the value-added services what we can give is that whatever job they do, we can do it at our factory. So, we need a strength in fabrication and our strength in valve technology whatever we could combine was to fabricate complete piping systems for the ships. So that is what we want to offer to the, we have already given some proposals. And I think, for this particular segment of value-added services, there are not many competitors. So that can give an added advantage to us and also that will improve in the shipyards of bigger PSUs, we can consider others as their strategic partners when they go for bigger projects tomorrow. It can, we can be called as a strategic partner for them.

So as of now, we think that it is a similar opportunity like what we are doing in valves, but maybe in future, it can grow to multi force. So that is our anticipation. But as of today, what we think is a similar opportunity. It will give it will only give us some added advantage that when we give a value-added services, we can get a little bit preference on our competitors for supply. But maybe in future, once we deliver very good and, results, we have shipyards, our aim is to improve shipyards throughput.

So if they find that their through output has increased and when they when we do a strategic tie with the shipyards, definitely, it will become a huge opportunity in the coming time. Yeah.

Harshit:

Are you open for more, sir, JV, sir?

Brijesh Madhav Manerikar:

We are focused on our segment, which is valves, defense, water. So anything which can add to our services, we are definitely open. But something different than nature then which will divert our focus, maybe we may not consider. But within our focus where if something comes, we are open, definitely. Yeah.

Harshit:

Okay. Okay. Sir, are we open to supply to Meson Sweden also in near future? Is Meson Sweden planning to source their products from us, like, from Meson India?

Brijesh Madhav Manerikar:

Yeah. Today, Meson Sweden, is sourcing. They are into a different kind of a segment today, Meson Sweden. Our Meson India is in nonferrous. Meson Sweden is in ferrous cast iron valves.

And today for cast iron, practically frankly speaking, China is the competition. Even the India, I'm sure the other Indian valve manufacturers who are in ferrous, they will also feel the heat of China. So we have not looked into that so far.

But in future, when the Meson Sweden also wants to buy nonferrous, we have worked on some couple of projects with them in the past, and there are some already some projects where we are talking to them for a nonferrous application. So that is always that window is always open.

Harshit:

Okay. So but nonferrous valves are having better margins than the ferrous ones?

Brijesh Madhav Manerikar:

Yes. nonferrous, they have better margins.

Harshit:

Okay. So and how are you..

Brijesh Madhav Manerikar:

Mr. Swaroop wants to add some something. Just a minute, please.

Harshit:

Yeah. Please.

Swaroop Raghuvir Natekar

Yeah. There are better margins, but the valves to make the nonferrous metal is very critical. However, we have that technology, we have our need and developed. So we have that technology, so we have the edge.

Harshit:

Okay. Okay. Sir, that's very helpful, sir. Very all the best, sir.

Brijesh Madhav Manerikar:

Yes. Thank you.

Swaroop Raghuvir Natekar:

Thank you.

Moderator:

Thank you. I request the participants to restrict with one question in the initial round and join back the queue for more questions. Next question comes from Jeetesh Parmar, an individual investor. Please go ahead.

Jeetesh Parmar:

Hi. A great set of numbers, sir. Congratulations. I have a couple of questions. Okay. First one is, what would be the industry wise breakup if you look at, say, oil and gas, okay, on shipbuilding and naval difference? Okay. Is it possible to, you know, kind of share the percentage revenue breakup for by industry?

Brijesh Madhav Manerikar:

I don't have it ready. If you can send this question to our IR, he will be able to answer you this definitely. So IR will...

Jeetesh Parmar:

No problem.

Brijesh Madhav Manerikar:

IR will give you their numbers. Just write an email. We'll share you the complete answers. No issues at all.

Jeetesh Parmar:

Okay, sir. Sir, but what do you see in future? Okay. For next couple of years, okay, what would you break up like? Okay. Where you would like to invest? I understand defense are very hot industry but how do you see the revenue?

Brijesh Madhav Manerikar:

Yeah. So Mr. Kishor Makvan, our CEO can answer this better than me. So Mr. Kishor, can you give the answer?

Kishor Dhondu Makvan:

Yes, sir. Yeah. So basically, what I understand that question is that percentage wise in this respect. Correct?

Jeetesh Parmar:

Yes.

Kishor Dhondu Makvan:

Hello?

Brijesh Madhav Manerikar:

Yes, yes. That is the question. You want the what will be our breakup in earnings in defense and other industries?

Kishor Dhondu Makvan:

Correct, correct. Yes. As we said, we just told initially that at present, our focus was in the defense and past few months or years, we have already put our all inputs, everything to develop our product which will be ready for the defense production, the marine and defense for that because as you might be aware that to supply marine and defense, we require a lot of certification, lot of new testing for the valve, lot of pipe testing certificate, lot of inspection, [inaudible 00:48:41] inspection and everything. So, we have concentrated all our activities related to complete the certification and testing, so that our product will be very well acceptable and will be one of the priority brands in the sector of marine and defense, which is our core sector for this. But while we are concentrating on the core sector here, we have so many other sector platforms which are very much useful for us as I already told you in the previous question for this.

But if you want percentage of breakups, so at this stage, it will be very difficult to calculate from the percentage wise, but here while that present data is with us now, we are supplying to the power sector more than 3,500 [

00:49:36] and now we are having an inquiry for the repeat supply of the same thing, which is end user is NTPC. Apart from that, we are regularly receiving the repeated inquiries for the oil and gas and aviation sectors also. So in future, one, our facility upgradation will be there. So definitely, whatever our spare capacity, we can concentrate on all the other sectors and at that time the percentage wise because our we consider it as a tailor-made product, it's not a mass production. So in the tailor-made product it will be very difficult to bifurcate the industry wise breakdown. And yes usually we are developing our product within marine and defense field. So definitely our percentage in the marine and business is on higher side. But in near future, all other sectors can also be increased.

Jeetesh Parmar:

Okay, sir. Thanks for that. And sir, what is typically when for seasonality that we see between H1 and H2, the kind of breakup that we see for, okay, for a given year?

Brijesh Madhav Manerikar:

Sorry. Can you please repeat? So we did not here.

Jeetesh Parmar:

So what would be the typical, you know, H1 and H2 percentage breakup that we see for an annual result that we see? Okay. What type of seasonality we see? Is it 60%-40%, 30%-70%? How does it work? [crosstalk]

Brijesh Madhav Manerikar:

I looking into this Sector, sector's differentiation. I mean, this is...

Jeetesh Parmar:

No. Not sector. But in terms of, you know, your revenue. Okay? What sort of split do you see between, you know, H1 and H2?

Brijesh Madhav Manerikar:

70%.

Jeetesh Parmar:

1st half and second half.

Brijesh Madhav Manerikar:

Then 40%-60%, 30%-70%, 40%-60%. That's that above it is.

Jeetesh Parmar:

And H2, I think H2 would be stronger. Is that correct?

Brijesh Madhav Manerikar:

Yes. Yes. Definitely. We are doing all these things now. We are integrating foundry here, pouring into different way, adding some more products. So this kind of consolidation also needs a lot of efforts. So H2 definitely will be stronger because of this. Yeah.

Jeetesh Parmar:

Okay. And so last question, if I may. So what is the CapEx? Yeah. Yes, sure.

Moderator:

Can you join back the queue, sir?

Jeetesh Parmar:

Sure. I'll do that. Thank you.

Moderator:

Thank you, sir. Next question comes from Rahul Jain, an individual investor. Please go ahead.

Rahul Jain:

Okay. I'm audible, sir?

Moderator:

Yes, sir.

Rahul Jain:

Actually, sir, I want to ask in water treatment as we are so confident about water treatment. Every kind of industry require a different kind of treatment. Like, saline water is required different treatment. Then industrial wastage require different treatment. So did you get this technology for all kind of wastewater? And you are so confident about your team. So can you little bit inform us about that?

Moderator:

Dear participants, kindly stay connected while we connect the management team back on the call. I welcome back the management team. Please go ahead, sir.

Rahul Jain:

Yes, sir. Am I audible now?

Brijesh Madhav Manerikar:

Yes.

Rahul Jain:

Yes sir. Sir, I have to ask question about water treatment. I was asking the every industry have different kind of requirement. Like, for saline water, we have different requirements. Industry, we have different requirements. Then civic boarding waste, we have different requirement. So did we get this technology for all kind of waste? And we are also confident about our team. So can you give us the detailed information about your team for wastewater treatment?

Brijesh Madhav Manerikar:

So, no, there are guidelines that we've laid down by BIS and WHO. So we are meeting that requirement. So if seawater and other things, that is for drinking water. When it comes to STP and water treatment, the guidelines are very clear. We are meeting the guidelines. It can be any industry. The guidelines are almost similar.

Swaroop Raghuvir Natekar:

Also domestic.

Brijesh Madhav Manerikar:

And when it comes to drinking water, we are not going into desalination, seawater. We are into water treatment, for drinking water. We are trying, we want to in future, come with non-electricity based membrane systems for domestic also. And we want we are that is one of our product focused product portfolio actually. But, the industrial guidelines, BIS, WHO are similar, not different.

Rahul Jain:

But for technology, will be different for different kind of waste. I mean, in the industry, if I spoke about chemical waste, so there are different kind of chemical waste also. So that technology which we require to purify this kind of waste, it will be different. So did we get all kind of technology for this waste?

Brijesh Madhav Manerikar:

Oh, see, when it comes to this treatment of industrial effluent, definitely there are the technology is similar, but there are the adders. If the output is phosphorous acid, sulfuric acid, if there is other acids, then we that particular chemical dosing has to be done. That are they are adders.

Our scientists are, our chief technical team. They study each and every product, and accordingly, they suggest what kind of chemical dosing or what has to be done so that that particular, output which is there is eliminated, and the water which comes out is meeting the [inaudible 00:55:11] guideline. That these kind of things, they decide particularly on the reports for the industry provides and what kind of requirements are there. These are what you tell is a specific requirement of a particular industry. I think we can provide solution for any kind of industry when it comes to water treatment. We don't see any issues with that.

Rahul Jain:

Okay, sir. Thank you. I'll be back in queue.

Moderator:

Thank you. We have a follow-up question from Naheema Rathod from Tiger Assets. Please go ahead.

Naheema Rathod:

Hello? Am I audible?

Operator:

Please go ahead, ma'am.

Naheema Rathod:

Yeah. So, I just wanted to ask, so what percentage of revenue is allocated to R&D? And can you provide examples of any initiatives on the impact that it has on your product portfolio?

Brijesh Madhav Manerikar:

So now, we have not elevated in the past for R&D. But with the inclusion of these waters, with start with this not inclusion, with this starting of this new venture water and also foundry, we will consider some we'll allocate some funds for R&D because that will be the need of that product to do continue doing some kind of research so that we keep on developing.

Swaroop Raghuvir Natekar:

And we want to add on the automation also.

Naheema Rathod:

Okay.

Brijesh Madhav Manerikar:

Yes.

Naheema Rathod:

And you said you have CapEx plan. So if you could quantify your number for the same?

Brijesh Madhav Manerikar:

So I will ask, pass on this question to our CFO.

Naheema Rathod:

Okay.

Brijesh Madhav Manerikar:

So, Mrs. Vijaya Shahapurkar will tell your answer

Viiaya Shahapurkar:

Can you please repeat your question please? Hello?

Naheema Rathod:

Hello? Yeah. So I wanted to about ask about the CapEx plan that the company is planning.

Viiaya Shahapurkar

Future planning CapEx, right?

Brijesh Madhav Manerikar:

Oh you're asking a future planning? Future Capex?

Viiaya Shahapurkar

Yes. The present and if there are any future CapEx that is planned.

Brijesh Madhav Manerikar:

The present, future.

Viiaya Shahapurkar:

Present we have around 15 CR CapEx. So we are planning yeah. Yeah. We are planning to have some more machineries, technological machines and equipment in future so we can enhance our productivity also with the new technologies we will have increase in the ROCE

Naheema Rathod:

All right. So 15 CR for FY 25. Is that correct?

Viiaya Shahapurkar:

'24 it's, for May 24.

Naheema Rathod:

Okay. All right. And '25, if you could quantify a number, please?

Brijesh Madhav Manerikar:

For '25, that is on in planning. It is all actually in the planning process. So we will finalize, maybe in couple of months-

Naheema Rathod:

Okay. And if you could give me, like, probably the margin for FY25 if there are any targets that have been set.

Brijesh Madhav Manerikar:

We are looking at, see we are looking at a sustainable growth. What we are thinking is 25%, 30% growth year-on-year. So I hope, we hope that that will also soak in the margins as well. Yeah.

Naheema Rathod:

Okay. All right. That's it from my end. Thank you.

Brijesh Madhav Manerikar:

Thank you.

Moderator:

Thank you. We have a follow-up question from Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave:

Am I audible?

Brijesh Madhav Manerikar:

Yes.

Moderator:

Yes, sir.

Agastya Dave:

Thank you again for the opportunity. Sir, again, a clarification on the seasonality of the business. So if I look at this year, financial year '24, H1 was INR 20 crores revenue, H2 was INR 40 crores, which is in line with what you said, that H2 is almost twice of H1. So is this what we expect going forward as well, this kind of variation in H1 and H2?

Brijesh Madhav Manerikar:

Yeah. This year, definitely, there will be similar trend. There will be variation because, we are doing a lot of consolidation, like adding new products, by doing it back to integration.

Agastya Dave:

I got it. Yeah.

Brijesh Madhav Manerikar:

So it always it will be a trend for at least a couple of years. Once you are at a particular level, once your things are great, things are in auto mode, then this trend start, this trend becomes both the quarters become try to equalize. But till that time, I think this company is a growing stage, so always there will be this kind of trend you can see.

Agastya Dave:

So for September '23, sir, you were still operating at 100% utilization. March '24, you were definitely operating at 100%, but September was also like, it would have been 100% had it not been for the season.

Brijesh Madhav Manerikar:

Exactly. Yes.

Agastya Dave:

Okay. So, no new capacity was added within September and March?

Brijesh Madhav Manerikar:

No. We added no. In March, we added some CapEx. We added our patents, subjects, capacity. That's for CapEx. We added patents. We, purchased a lot of patents, additional patents. So definitely, that also increases our capacity. Yeah.

Agastya Dave:

All right. All right. So, sir, this the JV that you have formed now, when will that start generating revenue for you?

Brijesh Madhav Manerikar:

The JV, the management will be in place from September. But at the same time, we are liaising with the concerned authorities for upcoming projects, putting what value added services we can provide, all these things are in discussions. But the full-scale management will be in place from September onwards, 1st September onwards. So we think that second half, we can see some revenues coming from that stream. Yes.

Agastya Dave:

We'll see some revenues in second half. Got it. And, sir, if I look at your company, other than the manufacturing part, is there any other source of revenue? Do you offer any services, any consultancy revenue, anything other than manufacturing, sir?

Brijesh Madhav Manerikar:

No. We are we are not providing that we may because we may because no [cross talk]. We may because now since this water is there, water by the water treatment solutions, people are asking us to give solutions in terms of not.

Agastya Dave:

Hello?

Moderator:

Hello, sir?

Agastya Dave:

I'm there. I don't know with...

Moderator:

Just a minute.

Agastya Dave:

I think they have dropped. Yeah.

Moderator:

Dear participants, kindly stay connected while we connect the management team back on the call. I repeat, dear participants, kindly stay while we connect the management team back on the call. I will come back with the management team please do wait sir.

Brijesh Madhav Manerikar:

Yes.

Agastya Dave:

Yes. So I got the answer to the question that I asked. Thank you very much, sir. All the best.

Brijesh Madhav Manerikar:

Yes. Thank you.

Moderator:

Thank you, sir. There are no further questions. Now I hand over the floor to Kaushal for closing comments.

Brijesh Madhav Manerikar:

Thank you very much.

Kaushal:

Thank you, everyone, for joining the conference call of Meson Valves India Limited. If you have any query, you can write to us at info@Confideleap.com. Once again, thank you every one for joining the conference.

Swaroop Raghuvir Natekar:

Thank you.

Brijesh Madhav Manerikar:

Thank you very much.

Kishor Dhondu Makvan:

Thank you. Thanks a lot.

Moderator:

Thank you, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of Ventura Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

Note: 1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.

