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JISL/SEC/2025/02/B-2/B-6

1st February, 2025

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Code No. 570004 (BSE) & JISLDVREQS (NSE) for DVR Equity Shares

Sub: Transcript – Q3/9M FY2025 Earnings Conference Call

Dear Sir/Madam,

Please find attached herewith transcript of **Q3/9M FY 2025** Earnings Conference Call (Group Meet) held on 30th January, 2025 at 2.30 PM IST.

Please take the above on record and acknowledge.

Yours faithfully,
For **Jain Irrigation Systems Limited,**

AVDHUT VASANT GHODGAONKAR
Digitally signed by AVDHUT VASANT GHODGAONKAR
Date: 2025.02.01 14:17:06 +05'30'

A. V. Ghodgaonkar
Company Secretary

"Jain Irrigation Systems Limited

Q3 FY25 Earnings Conference Call"

January 30, 2025

MANAGEMENT: **MR. ANIL JAIN –CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – JAIN IRRIGATION SYSTEMS LIMITED**
MR. BIPEEN VALAME – CHIEF FINANCIAL OFFICER– JAIN IRRIGATION SYSTEMS LIMITED

MODERATOR: **MS. BHAVYA – DRCHOKSEY FINSERV PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Jain Irrigation Systems Limited Q3 FY '25 Earnings Conference Call hosted by DRChoksey Finserv. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Bhavya from DRChoksey Finserv. Please go ahead.

Bhavya: Thank you. Good afternoon, everyone and welcome to Jain Irrigation Systems Limited Earnings Call to discuss the Q3 FY '25 Results. Today, we have on call Mr. Anil Jain, CEO and Managing Director and Mr. Bipeen Valame, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements that may involve known and unknown risks, uncertainties and other factors and must therefore be reviewed in conjunction with the risks that the company faces.

Future results, performance or achievements may differ significantly from what is expressed and implied by such forward-looking statements. Please note the results and presentations are available on exchange and our company's website. I now request Mr. Anil Jain to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for questions. Thank you and over to you, sir.

Anil Jain: Thank you. I would like to welcome everybody for this con call. We have just had a board meeting earlier in the day and we have published our results. As some of you might have seen, I think overall results are good compared to the first two quarters where we had a significant negative growth. But this quarter, we have managed to do about INR1,360 crores in terms of revenue and which is almost matching the same period last year.

And so as that has improved compared to the first two quarters I think we expect fourth quarter compared to last year, we should be able to, in fact, have more significant positive growth. So having said that, I think when we look at overall performance, what will come out quite well is EBITDA has been definitely positive. And if we have earned more EBITDA this year this quarter than the last year, even the margin is not very high.

But I think consistently, if you really see over the last few years and few quarters, consistently, our earning quality has also been improving. When I look at individual businesses I think the revenue which I talked about is almost similar to last year. So overall, Hi-tech Agri division has added to the revenue, but the plastic division because of a low pipe demand in India reduced it and it kind of balanced.

So in Hi-tech Agri, in fact, we have almost 19%, 20% growth in this division, but similar level of degrowth into the plastic business, which I believe is seasonal kind of has maintained stable revenue, let us say. But when you look at where did this EBITDA come from and when you compare that with the same period last year. I think there is a slight higher cost of employees.

Gross margin is similar level a little bit lower, but we could manage and save a good amount of cost, in terms of the discretionary costs which are there in terms of SG&A and others. And that is how overall EBITDA is higher than the same period last year. What is more important, I think that despite first 9 months being a little bit markets not being that strong in terms of demand, but our cash flows have been quite good.

In fact, if I look at the current quarter, we did create cash flow from operations to the tune of INR218 crores. And so that was like significantly high than what it has been in the previous period. And we have been able to also maintain a working capital cycle in terms of days outstanding against sales at a slightly improved level in terms of quarter 3.

When I think through the entire 9 months cash flow, in fact, has done very well. We have got cash from operations to the tune of INR560 crores and which has helped us to an extent reduce the debt as well despite the weak P&L performance. So we have focused on cash flows and recoveries from the market in terms of receivable that has definitely helped us.

And we have tried to manage operations in a manner in terms of product mix so that EBITDA is also maintained at a higher level a little bit than the same period last year. And now because first half was significantly weak, we are trying to make up for the first half. So third quarter has been now stable and matching or doing a little bit better than last year. And fourth quarter we expect to be definitely far more positive as we move forward.

Also what helped us during this quarter has been a good increase in the export business because we have been -- as I think maybe we spoke in the earlier commentary when you look at the global geopolitical events or what's happening with the rupee, we think export is a good bet. And with our company's focus on quality and excellence, we have been able to push that button when the domestic demand was low to try and increase the exports.

And I think over the next few quarters, we also see significant opportunity to focus on that part, while we also expect now the domestic demand pickup should be there because monsoons have been good, even though it rained heavily and there were excessive rains up to October, November. But I think thereafter, the crop scenarios look good going forward.

The recent winter in January, late December, that is all without too many, I would say, climate change type of extreme weather events. It seems the produce coming out going forward over next few months would be quite good from kharif as well as the rabi crop and that augurs well for all of our businesses. Not only it creates more demand for irrigation of pipe, but also it would mean good or ample supply for our food processing business.

So that seems to be going in the right direction as we speak. Another commentary has been because of the central elections in May, June and thereafter Maharashtra elections in October, November, there has been this less spend by the government on things like Jal Jeevan Mission which has provided a lot of boost to the piping business over the last 2 years, 3 years, that has been very slow.

But now that is getting out post new government, post the new budget and all of that. It is expected that over the next couple of months, that is going to be sorted. And as the states get new allocations from the central government, that business should come back because overall central government is committed to ensure that this is going to happen.

So I think that part which was missing should come back whether being good and good production for farm should create money in hands of farmers to be able to start investing. When I look at individual places in terms of, let's say, our drip irrigation business, etcetera. Where we did okay in this current quarter, that overall I think in Western India our sales were good.

We had even positive growth in certain markets, but Maharashtra, which is one of the important markets we had a little bit of negative growth, but that was due to state level elections we had. So I think fourth quarter should be stronger again in Maharashtra. If I look at the plastic piping business, I think it had all around kind of most of the states we were less than same period last year.

But we think current quarter, we start reversing the trend on the plastic piping business. We also recently got some orders for solar water pump. And the payment terms there are good about 30 days for 90% of payments and we are likely to complete the first lot of orders. I think, to the tune of INR100 crores over the next couple of months. And then that looks to be good because overall investment by the central government and state government in Kusum is on a right trajectory.

So it will pan out quite well for the next year. So that is a new growth possibility apart from the export markets which we see. Other thing for the next year and going forward which looks good for us is that we have successfully in the December quarter, we did a very large project for supplying 2.5 meter diameter pipes for a desalination project. And so there are another 14 to 16 such projects to come up in the next 9 to 12 months across the country.

And so we expect as we go along, as we negotiate and some of these projects get their closure, in terms of all the approvals and permissions before they can start executing. Next year, that would also be a good area for the growth going forward. In terms of other two businesses which we have as a company, the food and the plastic sheets, the food which is our subsidiary, that did not do that well because, again, last year we did not produce enough mangoes, but our overseas food company did well.

So in terms of revenue growth, we have managed about 3.4% growth in the console performance of food. And for the 9 months it has been more than 5% growth. So food has been in terms of revenue positive, but in terms of earnings they have been soft. And we think current year with the good onion season and good mango season between March quarter as well as going forward June, September quarters.

We shall see a better bottom line performance. And also going forward, revenues would look good because of overall ability to process larger quantities would be there. In terms of overseas plastic business, I think it is similar as what it was on the third quarter basis. But if I look at really 9 months overseas plastic sheet business has grown almost 10% in revenue and at a similar in fact, 17%, 18% growth in terms of EBITDA, etcetera.

So it's a profitable business. It's a growing business. So we are quite happy with that performance. So in terms of revenue growth, if I really look at it, Hi-tech Agri has done well this quarter growing 19%, 20%. Plastic sheet business continues to provide similar level of business, but overall 9 months, it has done well. Food has been positive in terms of revenue growth as well.

One negative as I said has been the plastic piping business, primarily in India. And I think that has been seasonal and we expect between now and September really strong business outlook on piping sector as well. And as I spoke about operating cash flows which has been positive, we have been able to reduce the receivables, but we still have some more work to do to get some of these really old outstanding government receivables related to the EPC projects.

But overall despite that, we have been able to reduce the debt as well. And so all in all, when I look at everything put together, we have been optimistic always, but I think when I think through timings between June, July through October, November, it was -- there was a lot of concern because the business activity, the momentum was quite low. And you might have felt that in our discussion and also in our commentary.

But as we sit here today, even though things have not really started flying like a rocket, but we see that business has stabilized and from here we only see positive growth based on either exports or on the solar or the orders for pipes for projects like desalination and others and continued good growth in irrigation business, the Hi-tech irrigation and the tissue culture which we do.

And while South has reasonably held itself well and West. Maharashtra has been weak for us which is otherwise very strong state for us. And as Maharashtra now comes back, I think that would also add back to the momentum. So structurally speaking, as a company, as a management, I think we are looking forward to see that FY '25 compared to FY '24. Overall, when you look at for the whole year, in terms of earnings and cash flow, in terms of cash flow it is definitely far better moving forward and what we did in 9 months.

In terms of earnings and the revenue, we may be at par compared to where we were in FY '24 because whatever we lost in the first two quarters, I think we would be able to recover in the remaining two, but jump up would then come mostly in FY '26. So -- but for FY '26 we are quite bullish. When I look at everything again, in terms of a holistic manner and consolidated way, there are a lot of things which have happened, which makes us believe that '26 looks to be overall a good year.

In terms of rupee depreciation we do not have -- we have a small amount of foreign currency loans out of India. So that impact is not much on the P&L. And as we are gearing for more exports, if rupee does depreciate more that should be beneficial and in our food business, where there are a lot of exports are there out of India. Again, rupee depreciation on dollar areas would be helpful even though rupee has pulled back a little bit more on pounds and euro area/

There had been reduction there in that way. So all in all, I think rupee depreciation shall be beneficial. It does increase some of the prices of the polymer though because all the polymer prices in India, even though we buy -- may buy in rupees, but they are linked to dollar international prices. So one has to see how that will go.

But when I look at and speak to our other people in other countries, I think India is still a brighter spot in terms of growth opportunity. And some of our core business while we are able to maintain growth in overseas markets, but where local economies are still not growing that much. While India has slowed down a little bit.

But I think at any day, 5.6%, 6% GDP growth in any other country in the world, they would be happily lap it up while we want to be 7, 8 or 9. And as a company, we want to next year onwards start moving at the high teens in terms of overall sustainable growth. So that's what our focus is going to remain. And this has been again a bit much better quarter than the first two quarters. And we are looking for even a better fourth quarter.

And with that, I would like to open the floor for questions, queries, comments you may have. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question comes from the line of Rahul Kapur from Goldstone Capital. Please go ahead.

Rahul Kapur: So my question is about the old receivables. And in June quarter and even in September quarter, you spoke about recovering about INR700 crores in the second half of Fiscal '25. So any progress there?

Anil Jain: The first part of your question, you're talking about the progress on recovery of receivables in second half?

Rahul Kapur: Yes. So I'm talking about receivables which dates back to I think, 2019-'20 there are very old receivables. And I think they are to the tune of about INR900 crores, INR1,000 crores. And there was a comment from you in the previous two quarters that we are likely to recover those receivables. So any comment on that?

Anil Jain: Yes. I think that government stays. Overall, if you see in our -- over the last 1 year, receivables on a net basis are down by INR200 crores overall. And as I said, I think going forward, this quarter, June quarter, September quarter, you will see even more substantial reduction. So we are on that path. It is already happening.

First 9 months, it has happened over the last 12 months it has happened. But as I said, second half, so we are still going through the current quarter. A lot of some of these government funds get released before end of March because of the fiscal year-end, their budgeting and all of that. So we are on that path. As I said, we already achieved some with INR200 crores reduction, but some more will -- already, you will see in the March quarter.

Rahul Kapur: So can you quantify what is likely to be received and I'm talking about basically the old receivables. I'm not talking about the current sales, but the old projects which were unfinished for whatever reason. And there was some talk of finishing those projects and recovering those old amounts. So I hope you're referring to the same dues?

Anil Jain: So again, overall receivable as I said have come down and actually INR120 crores receivables have come down in this third quarter. And they come from various things, but fourth quarter we are expecting another reduction of at least, I would say INR150 crores plus on net basis, including the new business which we do for completion of projects. On a net basis, minimum that level of reduction will happen in the current quarter.

So structurally speaking, we had given time to ourselves that by September '26, majority of old receivables should be -- sorry, September '25 majority of the old receivables should be with us. So good amount will happen in the current quarter as well.

Rahul Kapur: Okay. Sir, my next question is about any thought about selling the Rivulis stake because since 2019, it's almost 6 years since the shareholders -- the company is in losses. And essentially, what has happened is at the current level of EBITDA is not able to support the interest outgo and the depreciation.

And it's been a very frustrating hold for the shareholders. So -- and so finally we have to think about reducing our debt levels. And though you do talk about increasing cash flow, but that is not going to be sufficient for us to earn some profit and give some dividends to shareholders. So any comments there?

Anil Jain: Yes. I think, see, if you go all the way back to 18-19 companies debt was INR7,000 crores. It is down to INR3,500 crores. So it is down by almost 50%. Out of that INR3,500 crores debt we have INR3,600, about INR800 crores is a 0% debt. So there is no interest burden on that particular debt.

So that leaves about INR2,500 crores of debt most of which, in fact, is working capital debt. So the term debt which we can repay to the banks is to the tune of about -- sorry, about INR2,000 crores is actually working capital. So INR500 crores and so. And every quarter, we are repaying that debt.

As we just said that this year we have repaid total INR225 crores of the long-term debt already in the first 9 months. So company is consistently reducing the debt. So I think in normal course. Next year, we should bring down the debt by another INR300 crores. As you know, the idea we have is that by -- let's say, annualized in '26 next year and at one time net debt to EBITDA.

We had some -- it was 6 or 7x. It is close to 4 in medium term that is 12 to 18 months. On annualized basis, we plan to bring it to about 2, 2.5x in terms of debt-to-EBITDA. So -- and as it goes down. So again at one time, interest was INR750 crores, it is down to about INR375 crores now. And it would keep going down every quarter.

But as some of these majority government receivables come, it could go down even faster, but these majority government receivables when they come down they would go to prepay the 0% debt, the NCDs because that is what the restructuring we have done with the bank, but despite that, with the -- through cash flow earnings in last I think 3 years alone almost INR1,200 crores of debt has been paid by the company.

So we have taken a lot of steps to reduce the debt. We are very mindful of that. We have changed the business model. Constantly, debt is going down, interest cost is also going down.

In terms of selling Rivulis stake we got into that March '23 in terms of getting that done. So it has been 1.5 years.

We have some understanding right that business has to grow for us to get a right amount of value, etcetera. So that is not something we are looking at that right now. But as and when timing is right, valuation is right, we may look at that opportunity as well. But keeping that aside for a moment, I think through improved working capital management through recovery of the receivable, almost entire term debt in the main parent company, JISL should get done, as I said, maybe 12 to 18 months.

That is through our own normal business. Food business has a higher working capital requirement, it has its own trajectory. So that's another business. So overall, I think we have taken a lot of steps, but we are not I would not say we're complacent or satisfied. I think we are working hard to take it to the next level.

And we converted a loss-making company, which was in 2021 to profitable again. We are focused more on the retail market. And we'll continue to make these efforts to take it to the next level.

Rahul Kapur: So what kind of debt can we expect by March '26? What would be your estimates?

Anil Jain: I think by March -- so I can't give you a specific answer there. But I think as I said, we have, let's say, between now and March '26. Almost another INR250 crores debt due to be repaid in terms of term debt on the main company. So March '26, the entire term debt of the company will become 0, except the 0% NCDs, 0% NCDs will also come down based on the recovery of the government receivables.

And I think they should be down by at least another INR500 crores plus during that period of time. So these two things will happen. And for the growth of the business going forward, we don't anticipate to borrow because that growth will be funded through internal accruals as the remainder of the receivables also come through.

So all in all, I think we would talk a little bit more about the next year, March '26 numbers in the -- post the March '24 -- sorry, March '25 number result time. That time we would give a better I think projections for the March '26. But as things stand, this is what we can say.

Rahul Kapur: But we also need to take into consideration that even the debt levels have been brought down to about INR6500 crores to about INR3,800 crores or so. Still, the company is not in profit and the shareholders have been waiting for some dividends and some kind of return from the stock price.

And it's been extremely frustrating. So we should -- I think high time that many things of selling the Rivulis stake and bring down the debt by about INR1,500 crores, INR2,000 crores plus other cash flow. So that's something which we are looking forward to because it's otherwise not really adding any value in terms of the stock price or for us to get any dividends?

Anil Jain: So I can't get into too much of debate right on this concall, but we can have separate calls and discussion. But as of now, we are open to listen to all the suggestions, all the comments and we would look at it seriously. But right now, the focus on strengthening of the business and deleverage business at the same time. And in terms of share price on dividends, I think under the restructuring of the bank's management is unable to give any dividends, but in terms of share price, if you look at 5 years because shares have gone down due to the issues we faced in 2020-21 COVID, I think share price is up 700%, 800%.

So it has improved, but it has a lot more potential. And we need to do a lot more work on that and that's what we are committed to.

Rahul Kapur: Okay. That's all from my side. Thanks.

Moderator: Thank you. The next question comes from the line of Gaurish from JHP Securities. Please go ahead.

Gaurish: I had a question regarding our different business verticals. So are we considering to demerge or hive off our -- any of our business verticals?

Anil Jain: I think as we are going along, as you see some of the data in the investor presentation also, today we have kind of three businesses, food business, plastic business, piping and sheet and Hi-tech Agri business, tissue culture and drip irrigation, almost kind of coming like one-third each size.

And based on the quarter and season, it may vary a little bit, but we have and that kind of a proportion of businesses we have. And each business has its own unique cycle in terms of working capital, return on capital, the growth opportunity. Some of businesses kind of entered like some of our like pipes we sell also go to the same dealers or farmers who are also buying drip and so on.

So it's not that exact that everything business is very separate. Like food is definitely a very separate business than the input businesses we have like pipe and drip. So at the right time, I think we are working with some external consultants also for the company to create a path for next, I think, 5 years between FY '25 to FY '30, where does the company go and how it should go and because we see enormous opportunity in every single business because India is growing.

And I think each of our business, whether irrigation business, tissue culture business, piping business, sheet business, solar business, food processing. Everything has an opportunity. So how to allocate capital, where to focus more, which would give a better return on capital, which would allow us to strengthen overall ecosystem. So can we, for example, supply banana planting material then buy banana and process banana, make banana puree and supply to either next day Unilever.

Can we sell the fresh banana into retail markets? So you complete ecosystem of a given value chain of a given fruit or a crop and whether the same thing we can do in onion or tomato or potato, etcetera. So that's what we are working on. So I think maybe on the next call, April, May, some of our internal work would have been done where we can share with you what we are looking for in terms of going forward in terms of structure of the company, in terms of these three different businesses, where they should sit and how that should be seen.

But as of now, as I said in answer to the earlier caller, the focus is on strengthening the business, improving the dealer network, where we are already seeing benefits. And reduce through collection of receivables or improving working capital deleverage.

Moderator: Thank you. The next question comes from the line of Rishikesh from RoboCapital. Please go ahead.

Rishikesh: Thank you for the opportunity. Sir in your opening remarks...

Moderator: Rishikesh I am sorry to interrupt you, but your audio is not clear.

Rishikesh: Just a minute. Is it okay now?

Moderator: Yes, it's better. Please go ahead.

Rishikesh: Thank you for the opportunity. Sir what would be your revenue growth guidance? If I'm not wrong, you alluded in the opening remarks around high teens. And what would be our EBITDA margin guidance for FY '26?

Anil Jain: I think we will give more firmer guidance once the March quarter is over, but where we are right as a company, we have underutilized production capacities, etcetera. So once the revenue growth happens in high teens, the EBITDA margin should be even better because you are absorbing some of the fixed costs in natural course. So let's say, if revenues grow 17%, it is most likely that EBITDA will grow 20% in that ratio, but again, we'll talk more about FY '26 in a more firmer tone post March quarter.

Rishikesh: Okay. And regarding the EPC retaining execution, how much is done until Q3 and how much is pending here?

Anil Jain: On EPC, you mean?

Rishikesh: The government -- the pending projects that is left to be executed.

Anil Jain: Yes, I think the -- at one time right when we had all this issue, the total project was some INR7000 crores, INR8000 crores, most of it have been closed. Some of them are working, but the total we still need to do to complete the project might be close to INR250 crores, INR300 crores. Once we do that much, let's say, over the next few quarters, all projects would be closed.

So in terms of percentages. So I think we are kind of 90% done in one project, water supply project we have done 50% that was in Pune where we are laying drinking motor pipelines, but except for that project, all other projects, we are 90% and above. So we are really getting into the last mile, last phases to get it completed and then get those funds in.

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

Praneeth: So I was interested with the working capital management of the company. I understand our net working capital has reduced Q-o-Q. But in terms of inventory days, it is significantly still higher than last year's Q3. So what is the reason for that?

Anil Jain: Sorry, so you said the question was inventory?

Praneeth: Yes. Inventory compared to last year's Q3 we are still higher than last year's Q3. I'm curious about why hasn't the inventory gone down further? Because I know it's a little lower than last quarter, but last year quarter Q3 it's not lower. So I'm curious about what's happening with inventory there?

Anil Jain: I think you would see a significant reduction on inventory in the fourth quarter because as I said we were hoping third quarter would be better in terms of piping or -- but that did not really happen. And that is why inventory remains slightly higher, but overall last year I think December inventory was INR2,028 crores. Now it is INR2,129. So over a 12-month period, it has slightly gone up. And mostly into Hi-Tech because this is the season.

Like January, February to May, June is when we sell maximum amount. So slightly elevated because of that. If I see plastic inventory is almost same which was last December and also food is almost same. The only increase you see is in the Hi-tech division compared to the same period last year, 12 months ago. So I think you would see that good amount of reduction in the current quarter.

Praneeth: Understood. So -- and in terms of the geographic contribution for the plastic business. So basically most of the businesses are very region focused for like most of the things we can operate in. So the plastic business which states contribute the highest amount of revenues for this business.

And also we had the idea of moving away from -- also adding to the -- most of our revenues come from agricultural pipes in terms of the plastic pipes. So how has the progress been in onboarding different industries for the pipes business? And how does the company see the overall tailwind and headwinds of the market?

And how is it planning accordingly in terms of gaining market share? Because it's an extremely competitive industry where we are operating in the plastic pipe business. So how does the company see the industry outlook and how does the company expect to transform its business going forward? And what is the contribution split between geographies? That's what I'm interested to know?

Anil Jain: Yes. So when I look at the pipe we have -- and overall larger what we call plastic division. It is pipes and the sheets. So first talking a little bit about the pipes. We have two types of pipes. The PVC pipes is mostly go to the farmers side, through our dealer network where we are quite strong in, let's say, Maharashtra, Karnataka, MP. We are becoming much stronger in Tamil Nadu, AP, Telangana as we speak.

And we have recently started selling more, let's say, in Rajasthan, UP in Northern region. So continuous effort is to -- now some of the areas like Odisha, West Bengal, etcetera we are almost not existent. Hence, there is a market and that is being served today. So as we go along and as we grow more in North, more in East, we strengthen furthermore in South, I think the piping business will continue to grow there.

The second part of the piping, where we make large diameter pipes, specialized pipes, pipes which go into drainage pipes that go into desalination, etcetera. There I think we have quite a unique position because we -- some of the piping solutions we provide, nobody else in the country does provide. And there is going to be a lot more demand for those types of pipes.

I think that sector will continue to grow. We do export some of the pipes globally in terms of either water supply, irrigation or for cable supply, etcetera. And we are seeing some good traction on some of these export markets as well. So pipes will continue to grow there also. So there is a different strategy for each particular application. So application on agriculture, the idea is to go more geographies within India and strengthen dealer network.

For application beyond farmer or irrigation, I think developing complete solutions which other people are not able to provide is what our focus is. And then going to the global markets, which again requires a level of excellence, ability to service those global markets which we have built that ability over 10 years or so. That's where our focus is on piping.

So we are quite bullish about the piping business in terms of medium to long term, while last few quarters have not been great, but I think that's a temporary aberration. For next few years, we are gung ho about piping business because we -- with our capacity, the level of the what I call offering we have I think we are going to be a very strong pipe player in India as well as outside.

Moderator: Thank you. The next question comes from the line of Sanjay Kolhi from Goldstone Capital. Please go ahead.

Sanjay Kolhi: My question was on -- there's a big difference in the standalone and consolidated on the losses from foreign exchange. So is it a result of some treasury operation or some of the loans have been repriced or these are hedges?

Anil Jain: No, we don't have that kind of a treasury operation and we have very limited hedges per se.

Sanjay Kolhi: So the quantum is about the plus -- there's plus INR6 crores on the standalone and minus INR13.5 crores from the consolidated. So net, I think about INR19 crores to INR20 crores. So that's quite a significant number. Do we have a large quantum of foreign currency loans still outstanding that we have made because there has been a depreciation in the rupee, but it's been a very low -- there's been very low volatility in the rupee if we -- last 3 months to 6 months if we have seen.

Anil Jain: So overall, right – yes rupee depreciation has helped the standalone company, but for example the food company we have, lot of our exports are in Euro and GBP. So GBP was one time INR107 it has come down INR100, Euro also has gone up INR90, it is down to INR89, INR90. So we had some reversal into the normal operating business due to the change in the currency of Euro and GBP into the food where we had a negative impact.

So again, just to reconfirm, no treasury operation, nothing big on the hedging, etcetera. We do a small amount of forward sales on exports and our overall dollar loans are very limited as a company, but this particular quarter, I think with the US dollar becoming strong against various currencies in the world, also rupee.

Rupee depreciated benefits some of our exports out of irrigation plastic piping business, but dollar became stronger against also in Euro and GBP. So that impacted negatively in the food business. So that is the difference you see between both in terms of the standalone and console. There is nothing beyond to it.

Sanjay Kolhi: Okay. Thank you.

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

Pankit Bansal: Yes. Sir, my question is, sir, this is your strongest quarter Q3 and Q4, yet you are delivering only flattish performance. Sir, what will happen in Q1 and Q2? There will you have seasonal impact, all other impacts. So why the growth is not coming, you have best micro irrigation company, second largest. What is happening, sir? Can you please tell we are waiting so long. It's been 10 years, 12 years. Can you please explain, sir?

Anil Jain: Yes. I think if you saw the result and what I said also. Our Hi-tech Agri business in India grew 19% this quarter. So that growth has come back. Where we got hit was the piping and the plastic business growth did not come through. And that, as I explained we expect that to start happening in the current quarter and going forward, it will be even stronger. So overall, structurally speaking I think when I'm looking at revenue growth, profitability and cash flow.

I think we have done very well on cash flows as I said INR560 crores of cash generated from operations. In terms of revenue for the whole year, FY '25 versus FY '24, the first two quarters, we were minus 25%. I think for the whole year, we are expecting that we would be almost same level. So whatever the deficit was created in the first 6 months, I think should get covered in the second half. That is the target and the goal we have.

That's where we are working for. And as you saw the irrigation business, you've mentioned that we are a very large micro irrigation company. That did grow 19% in the current quarter.

Pankit Bansal: Sir, my question is are the government increasing steps in the micro irrigation field. We're carrying new initiatives like solar, can you please explain that?

Anil Jain: No. Government has new initiatives, but government has been delaying also the payment and the release of subsidies, etcetera. So we are more focused on directly selling to the farmer and recovering better working capital cycle rather than depend on the government. But in case of solar pump specifically, it's not the direct government budget.

These funds are available from central government, not the state level. And those are funds are also available with the electricity boards through the [inaudible 47:36] method, where you have a targeted amount already existing into an account from which they will pay you. So you are not dependent on a government budget. So those opportunities where there is certainty of how fast we will get paid.

I think we'll work on those opportunities including solar pump because I think between 2015, '16 to 2019, '20, we did sell INR600 crores, INR700 crores of the pumps during that period of time. And with the right payment terms and good level of profitability that opportunity we can capture again.

But larger I've spoken that while first two quarters are negative, this quarter has been stable. Irrigation we are already now positive growth. Fourth quarter should be a stronger quarter compared to the last year same period. And going forward like FY '26, we are quite bullish.

Moderator: Thank you. The next question comes from the line of Sumit Kumar an investor. Please go ahead.

Sumit Kumar: I want to know the interest cost has raised by say INR10 crores quarter-on-quarter basis. And you were saying that the debt has gone down. So what is the reason for that?

Anil Jain: I think normally interest cost is also finance charges or other charges. So I think it is not linked to the cash payment of the interest. We have the 0% NCDs which are taken at the fair market value in our books as per the accounting standards. And as the time -- in terms of time value as we get closer to the repayment of the NCD, some of the gains which were booked in '22 get reversed.

Every quarter, we have about INR16 crores, INR17 crores as a reversal which comes as a finance cost, but it is not a cash being paid. So actual interest being paid is definitely less because debt is being paid. So this we have explained or this becomes clear, but if you -- one of my team members can engage with you to give specific information, but interest is -- actual cash interest outgo is lower and is getting lower.

Sumit Kumar: Sir, what has happened during the last four or five quarters, whatever we are earning, say, EBITDA is being exhausted by paying interest or depreciation. So from what period we can expect the positive PAT?

Anil Jain: I think as the -- so let's say, around INR800 crores revenue at the standalone India I'm talking about is breakeven. We did get a good EBITDA about INR129 crores, but then post the depreciation and interest. And including the book interest related to this issue, the PAT left is less. But cash PAT I think this quarter would be normally INR30 crores, INR35 crores.

Even the normal PAT is shown to be INR10 crores. But as now we move forward, fourth quarter is going to be very strong and so on. So let's say, this quarter we sell just a hypothetical number, 40% more than the December quarter. Then all of that earnings will straight fall to the PAT, going forward. So I think the momentum on PAT also we think is going to be positive from FY '26, but already you will see the impact -- positive I think, number in the current quarter.

Moderator: Than you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for his closing comments.

Anil Jain: So I would like to again thank all the investors. I would like to thank patience of the investors, we really appreciate it. We as management, we are not literally leaving any stone unturned in terms of taking business to the next level in every possible way, revenue, earnings as well as cash flow all three.

I believe there is very good opportunity in all our businesses in medium to long term. In short term, we have had weaknesses in the first two quarters which we have tried to cover in third and I think fourth would be even better. And we remain very positive and optimistic going forward, but it takes -- it is going to take a lot of work because things have been generally slow in the economy over the last 6 months.

One cannot deny that fact. And then we need to work on the new strategies, new ways of doing so that with a good brand, good quality, good service, we should score some more wins in the market. Hopefully, from fourth quarter onwards, you would see that in our numbers. So with that and appreciating the support of all stakeholders, especial shareholders. We would like to thank you and looking for better days ahead. Thank you again.

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