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

Sub: Transcript – Q4 and FY2025 Earnings Conference Call.

Dear Sir/Madam,

Please find attached herewith transcript of **Q4 and FY2025** Earnings Conference Call held on 14th May, 2025 at 4.00 pm.

Please take the above on record and acknowledge.

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

AVDHUT VASANT GHODGAONKAR

Digitally signed by AVDHUT VASANT GHODGAONKAR
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A. V. Ghodgaonkar
Company Secretary

"Jain Irrigation Systems Limited

Q4 FY '25 Earnings Conference Call"

May 14, 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 SHARMA – DRCHOKSEY FINSERV PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 Earnings Conference Call of Jain Irrigation Systems Limited, hosted by DRChoksey Finserv Private 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 call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Ms. Bhavya Sharma. Thank you, and over to you.

Bhavya Sharma: Thank you. Good evening, everyone, and welcome to Jain Irrigation Systems Limited earnings call to discuss the Q4 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, uncertainty 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 presentation are available on the 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 Q&A. Thank you, and over to you, sir.

Anil Jain: Welcome, and good evening to all the participants and listeners on this company's con call. We really appreciate you spending time and listening to us. So we have announced the results earlier today, post our Board meeting for the Q4 FY'25 and for annual year '25. So overall, we are quite, I think, satisfied with the current quarter's results, where on a consol basis, our revenue is up almost 1.3% to approximately INR1,750 crores and EBITDA is up by 3% to at about INR225 crores.

Within this revenue growth, what is important is that one of our higher earning business, which is Hi-tech division, which comprises of micro irrigation as well as tissue culture, has, in fact, grown 16.8%, which is quite positive. And even Agro Processing grew by 14.6%. So both these businesses have shown, I would say, a significant traction on the positive mode, which started in the third quarter and has continued in the fourth quarter as well.

Overall EBITDA in High-Tech business, in fact, grew approximately to 18.7% versus 13.4% in the same period last year. So that shows that we could manage positive growth, higher double-digit digit as well as still improve the margin. So that business seems to be on track. And going forward, even '26 looks good.

If I look at the whole quarter on a consol basis, we have been able to reduce the debt by INR104 crores, which is quite good, and cash flow from operations, post working capital change at INR283 crores would mean that we have been able to convert EBITDA of INR225 crores by 127% to arrive at INR283 crores. So while revenue growth was just at 1.3%, EBITDA was even better, but cash flow has been significantly better.

And overall profit for the current quarter at INR28 crores is far better than the losses we had in the same period last year. So overall, the results are quite good in terms of revenue, EBITDA as well as profitability. And the fact that we have been able to reduce the debt and improve quality of earnings, I think that is an important message for this quarter.

The plastic processing was one business, which was still lower compared to the earlier year period. And that primarily was in the earlier year period, we had significant sales related to Jal Jeevan mission in terms of piping orders coming from the government, which was non-existent this year. So whatever sales we have are related to retail sales this year.

And another factor for lower revenue on plastic pricing also has been the softening resin, PVC resin prices. I think for the whole year basis, almost 6% to 7% reduction in revenue on piping is due to reduction in the raw material prices. But still, we did lose about 20% of the volume on the piping due to lack of Jal Jeevan Mission orders plus some additional lower sales in retail as well, where we sell to the farmers where our dealers due to 2 elections in the current year, especially in Maharashtra and some other climate issues.

But overall, we think that is behind us. We are seeing in the current new fiscal year already good demand on piping. So I think that should overall do better going forward. If I look at stand-alone business, I think the Hi-Tech business, again, was quite positive, grew quite well. EBITDA in Hi-tech business also grew from 12.7% to 15.6%.

EBITDA for stand-alone business out of India, which is great pipe and tissue culture, grew from INR135 crores to INR160 crores, even though overall revenues were lower by 4% at about INR1,000 crores, but EBITDA increased substantially.

PAT is about INR28 crores versus last year's INR25 crores, and we could generate positive cash flow post working capital changes of INR132 crores, and with about INR47 crores debt reduction. So, another positive part from India business has been through not only this quarter, but through the year, substantially better, I would say, export performance. Our export in the current quarter grew by 43% to INR177 crores from earlier INR123 crores. Then this is for the Q4.

But when we look at overall annual revenue and annual business, we have achieved close to INR5,800 crores of revenue, which is approximately 6% lower than the same period last year, FY '24 to FY '25. and EBITDA at about INR717 crores, which is about 9% lower than the last year. That's the annual consol because of especially very weak first 2 quarters. These are the results, while Q3 and Q4 has been better performance.

The higher level reduction in the EBITDA has come partly from Agro Processing business, even though Hi-tech business has maintained a higher level margin. PAT for the whole year is at about INR26 crores, and from the EBITDA of INR717 crores, we have been able to generate a good amount of positive cash flow post-operation, post working capital changes at almost INR842 crores.

So that's a substantial improvement in cash flow generation from the business for the whole year. And because of this substantial improvement in cash flow generation for the whole year, we have been able to reduce debt by INR257 crores. And that means now our debt stands close to INR3,500 crores.

So in retrospect, when you look at the whole year, the numbers on revenue and EBITDA are lower than the last year. But considering all what we have gone through, Q4 has pulled out quite nicely. And for the overall year, cash flow has been substantially positive. We have been able to reduce the debt, honor all the obligations in time.

And our Hi-tech business is now back on track in terms of revenue growth as well as profitability. Agro Processing also has maintained the revenue growth, even though due to specific challenges related to seasonality, availability of mango, or short season, it has impacted our margins, but we have been able to maintain the revenue growth in that business for the whole year also.

So I think that is summary of the year, which has passed by us. What's more important is what we are looking to do going forward in the current year. So as things stand, we think quite optimistic and positive for FY'26. We think we have an opportunity to achieve substantial higher level revenue growth. And as we achieve that higher revenue growth, we expect even better EBITDA than the revenue growth. So if revenue growth is, let's say, comes in high teens, closer to 18% plus, EBITDA should grow to 23%, 24% because the factor related to fixed cost absorption.

We want to continue to maintain deleveraging going forward in FY'26 as well. So, as we could reduce the debt this year by INR257 crores, I think our target next year would be to reduce the debt north of INR400 crores, whether it's INR400 crores, INR450 crores, or INR500 crores, that depends on so many factors. But minimum level of reduction we would be achieving would be INR400 crores next year.

So we are expecting high teens revenue growth overall on a consol basis across all businesses. EBITDA higher level than revenue and a reduction in the debt by at least INR4 billion or INR400 crores is what we are anticipating.

Company wants to maintain the change in the business model as we are slowly reducing our reliance on the government projects, right? Every year, as we complete the old projects, overall revenue of government is coming down. So in fact, if you look at FY'25, 15% reduction is primarily linked to reduction in the total government business we did almost by the tune of INR150 crores, and INR350 crores was the reduction into the JJM business. So that's approximately INR500 crore reduction we have had because of the 2 specific situations.

And of course, there was no growth in the earlier quarter into our normal retail business, which, as I've explained, is now coming back as we speak. And fourth quarter for Hi-Tech has already been positive. So going forward, we are optimistic and confident for better revenue growth, better EBITDA growth, significant reduction in the debt, as well as continued focus on generating free cash flow from operations. That is the single most focus we have.

But at the same time, in terms of retail business, on Hi-tech, the micro irrigation, which is where we are pioneers, I think post our restructuring, post the COVID, all of that, I think we have got the grip back on the retail market. And I think as we are developing more dealers, as we are doing more states, all of that, I think that should continue to pay good dividends going forward for both drip as well as pipe business.

The tissue culture business, again, it goes through cycles. So we are getting into a positive cycle into tissue culture business. And so next 2 years, we should expect 20% to 30% growth in the amount of banana plants or from Pomegranate plants, which we sell to farmers. So I think that would continue to do well.

And food processing did well in terms of growth. And with good monsoon and expected reasonable quality from Mango and onion business, this year, margins should come back, which last year, it took a hit. They should come back now with a better season in terms of availability of the content, as well as our ability to process at a reasonable price. I think both are there in the current year. So FY'26 should be better on the food in terms of the margins as well.

So I think these are the developments. Overall, as I said, it has been a challenging year. But we have stayed the course. We have stayed focused on deleveraging. We focused on free cash flow generation. And in terms of revenue growth and the grip with the dealers and the marketplace, I think, especially in high-tech business, already last 2 quarters, we have posted in India a growth of more than 15%, 16%. So that is quite heartening. And we expect that to continue in the current year.

Last year, also, beyond the 2 reasons of lack of JJM business and reduction in the project business. Another thing was we let some of the micro irrigation business go because of the very long workable cycle in some of the states where you don't get paid for at least a year or more. And almost to the tune of INR200 crores, we decided not to do.

So these were the reasons. And we are seeing some of these states, at least out of 2 states, have improved their payments now just over last 1 quarter. So we could be doing a little bit more business there as well in the current year. So that was another reason last year for less revenue.

So this is where we are, and we are looking forward to a much better FY'26 in every possible way. And now I would be happy to take your questions. Thank you again. Thank you for listening.

Moderator: We will take our first question from the line of Ankit Bansal from Nkusu Invest.

Ankit Bansal: My question is, sir, what is the progress in the product -- that tissue culture of coffee for which you signed MOU with Indian Coffee Board. Sir, what is the progress in that?

Anil Jain: I think we have signed the initial MOU with them. And we have done already -- we have made trial supplies, right, initial for their pilot projects. And one pilot project, which has been going on there for almost a year has shown good results. So we anticipate larger orders, but because this is the agriculture cycle, I think those will come maybe towards November, December, and onwards.

But while you asked this question about coffee, for a coming year, right, where we are, as I said, the tissue culture business could grow almost close to 30%. Major revenue growth will still come from 3 current large product portfolio we have, that is Banana, Pomegranate and Potato.

Things like coffee, Papaya, Orange or Mango, seedlings or tissue culture, those would still remain a minority for the next 1 year. And some of these other products will actually pick up between '27, '28 scenarios. But next year, major revenue would still come from these 3, which I mentioned.

Ankit Bansal: So obviously, like the government is also focusing on like we have heard about the pomegranate first consignment to Australia also.

Anil Jain: Yes. So these value-added products, right? And I mentioned Banana and Pomegranate both. And you talked about consignment to Australia. The same way, over the last -- if you really thought 8 to 10 years ago, almost there was no export of banana -- finished goods at Banana. And this year, I think government has announced some number that close to INR4,000 crore exports has been achieved out of banana.

And most of those bananas, which farmers have grown for exports have come from the tissue culture plants, which we have supplied as a company. So as banana exports grow for fresh banana, that creates more demand for our tissue culture plants, same way with pomegranate.

But pomegranate is also getting sold more domestically apart from exports. So we have seen earlier pomegranate was more from Maharashtra and nearby states. But over the last 2 years, Rajasthan has come out to be a new star in pomegranate business, where a large amount of pomegranate being grown in Rajasthan now also.

So there are these areas of you can call excellence, right, like Jalgaon and Solapur are very big in Banana. That way, certain districts in Rajasthan are becoming very good for Pomegranate. So our company is working to provide the complete ecosystem solution to the farmers to excel in these crops, right? And then they can sell at good price in India as well as overseas. And when these farmers buy tissue culture plants, then they could buy also irrigation from us. So that's what we are working on. Thank you.

Ankit Bansal: Sir, what is the total amount of receivables from government totally?

Anil Jain: So there are 2 types of receivables. One is related to EPC projects. And I think those are approximately around INR750 crores to INR800 crores. And then there are drip irrigation-related business, where what we call MIP, where the state governments provide orders on behalf of the farmers. That amount is closer to INR375 crores. But that is annual, right? That will keep rotating.

The real receivables, which will bring down our debt, and I discussed earlier that we expect debt to go down by INR400 crores plus is based on the EPC project business receivables to come down. So now that these projects have been completed, we expect half of this amount of, as I said, INR750 crores, INR800 crores to come more than half this year and the remainder next year.

Ankit Bansal: Sir, any chances of listing your subsidiary, Jain Farm Food.

Anil Jain: I think those discussions are -- that's a probability. And in consultation with the private equity partner we have, I think we will be taking some decision in that regard through the Board of that company. So as of now, no decision has been taken, but we have had discussions. And I think based on some of those discussions and based on the market scenario, a possible decision could be taken.

Moderator: I request you to join back the queue, please, as we have other participants waiting for their turn.

Ankit Bansal: At what time, sir?

Anil Jain: I don't want to be very specific as things stand because that Board needs to make that decision, we need to get our partner equity investor also who owns more than around 20%. After that only we can announce timing.

Moderator: We'll take our next question from the line of Vinay Choudhary from Invexa Capital.

Vinay Chaudhary: So, just to continue on the previous participant question, this stuck receivables from government, which was about INR800 crores to INR850 crores. So INR200 crores what we have received, is from the regular course of business or from this the stuck receivables?

Anil Jain: No, good amount of that is stuck receivable. But as we are completing the project, right? This year, we had also project billing, I think around INR170 crores or so, the new one. That's on a net basis, you won't see receivables have come down, even though old money has come, and that is what has helped us to reduce the debt by INR250 crores this year.

Vinay Chaudhary: So this is all the ongoing projects, but the Right. Got it. And this 50% what we are expecting in the coming year -- in the current year, these are from which states are we expecting?

Anil Jain: Primarily, money flowing this year would come from 3 states, Karnataka, Maharashtra and Madhya Pradesh.

Vinay Chaudhary: And lastly, on the debt side, you mentioned that you will be repaying INR400 crores. So the NCD, if we refer to the PPT, what we have published, so about INR855 crores will be NCV, and if we adjust to the fair value, so it has technically increased from INR615 crores to INR667 crores this year Y-o-Y. So, how should we look at this?

Anil Jain: So, because it is the fair value scenario, right, as you go closer to the date, that value goes up, right, every year. And the full repayment of this is in '27, '28. But this year, I think we would be -- as I said, we are going to pay on a net basis, INR400 crores plus debt, right?

So part of the debt reduction would be into long-term debt, normal term loans and part would be reduction into NCDs. So as we repay those NCDs, then at the end of the year, there is that fair accounting value, which will take place.

Vinay Chaudhary: So this INR400...

Moderator: Join back the queue, please, as we have other participants waiting for their turn. We'll take our next question from the line of Prafull Rai from Arjav Partners.

Prafull Rai: Yes, sir, I have 2 questions. A, what is the net debt we are expecting by year-end given the cash flows we expect from the government?

Anil Jain: So the debt as of now, you see at INR3,500 crores net debt. So as I said, INR400 crores plus, right? So somewhere between INR3,000 crores to INR3,100 crores.

Prafull Rai: But you also spoke that the business is likely to see a high teens kind of a growth and EBITDA is that. So will the -- this is a pretty healthy number. Will this not require additional working capital for you to fund the growth?

Anil Jain: No, that should be generated internal accruals. So we are talking about whatever additional working capital we will need would be generated internal accrual, right? So this is on a net basis, right?

After providing for growth for providing for additional working capital, we believe we will be generating enough on a net basis to reduce the debt by so much. So actual cash positiveness would be more than this, right? Part will go towards working capital, part will go towards capex. After that, residual would go for reduction in the debt.

Prafull Rai: For this INR700 crores of government EPC work, which we are talking, what is the kind of investment we have to do, or sort of it is all done to get the money?

Anil Jain: I think out of this INR750 crores, we need to spend for the INR400-odd crores, which I talked about, which we should receive in the FY'26, we need to spend only about maybe INR20 crores, INR30 crores. Rest we've already done. Like some of these projects are done 95%, 97% at that level. Some other projects for which we expect to receive the remainder project for which we expect to receive money in FY'27, there, I think we need to spend about maybe INR60 crores, INR70 crores.

Prafull Rai: Okay. And when you say high teens, kind of a number, if I may ask, what would be the key drivers of this incremental growth? Because you're talking of a major growth as well as a large EBITDA expansion. So what are the key contributors, if I have to draw down, okay, office 15%, 17% higher number, these would be the top 3 constituents in terms of contribution?

Anil Jain: Yes. So we see definite higher growth on the tissue culture side, let us say. We see growth on solar water pump side in terms of whatever numbers we have orders in hand, et cetera. And additional growth in some of the states where states have started releasing the money faster in MIS. For example, Gujarat. So, those are the places we see. We will recover some of the lost on the pipe side, right? Pipe, we have had a negative growth, as you see from last year numbers. But that would just bring us back to '24 numbers, that growth. But real positive growth will come from MIS, tissue culture, solar pump.

Prafull Rai: And we are talking of solar pump that is Kusum?

Anil Jain: Yes, yes. And only specific state. And another growth area for us is also exports. Last year also, I think exports have grown almost 40%, 43%. Current year, we think we will still grow exports again 25%, 30%, that range.

Prafull Rai: That would be some dehydrated vegetables in this...

Anil Jain: Orders around the world. Sorry?

Prafull Rai: That will be in the form of dehydrated vegetables and all what we export. Is that what largely export is about?

Anil Jain: Exports, I'm talking of pipes, irrigation systems, things like that.

Prafull Rai: Just one follow-up on this, and I'll just close. We are just reiterating that we'll have a higher teens and around 2%, 3% higher EBITDA margin because of operating basically for FY'26. Is that what the number like? And INR3,000 crores kind of net debt end of the year?

Anil Jain: Yes.

Moderator: We'll take our next question from the line of Dhwani Chanda from Altis Financial Partners.

Dhwani Chanda: I was asking if you're looking to expand your pipe business, PVC pipe business.

Anil Jain: We are definitely looking to grow our PVC pipe business. I talked about by selling additionally into some of the existing states as well as selling more into newer states. So that is a definite proposal that we plan to grow that business quite a lot, I think, over the next 2 to 3 years, but definitely in the current year.

Moderator: We'll take our next question from the line of Praneet, an individual investor.

Praneet: So I was wondering about the piping business basically. We have seen a degrowth because of the lack of orders from Jal Jeevan Mission. I was wondering how are the orders pipeline right now in terms of Jal Jeevan Mission. And in overall revenue, how much is the institutional business?

Because I think according to previous commentary, the management has mentioned that most of the institutional business goes to the Jal Jeevan Mission to service those orders. So I was wondering what is the institutional business over the last few years? And how is it expected to go forward? Is it going to be direct correlation between the Jal Jeevan Mission orders? Or is it going to be something more? Are we going to sell the institutions apart from the JJ Mission orders itself?

Sorry, I just want to complete the questions about like pipe division and this is fine. So, one more question is regarding the state-wise split in terms of our piping distribution. So, what percentage of our revenue comes from PVC, which states can you, if you can mention like the top 5 states at the moment? And where do we plan on growing? Is it the top 5 or something else?

Anil Jain: Yes. Okay. So one by one. In terms of last year's plastic pipe business, right, where we make PVC as well as polyethylene pipes, both in terms of the growth, the reason for a decrease was primarily lack of JJM orders either directly from the state and/or via contractors. And second was lowering of the prices. The resin prices are lower, so therefore, revenue was lower.

And in terms of your second question in terms of what was our institutional sales last year. So institutional sale was, let's say, close to about INR250 crores approximately, mostly coming through polyethylene pipes, which do go mostly, again, into JJM via contractors or otherwise. Year before, that was INR650 crores or INR700 crores. So last year, it came down substantially.

Going forward, in the numbers I'm talking about that overall company should grow into high teens. including the Piping division. As of now, we have assumed a normal cycle on institutional sales, almost same level as last year. We have assumed higher amount of exports because of the view we have in terms of various orders under negotiations. And we have assumed some additional sales coming on the piping side from other institutional customers.

For example, things like last year, we did one desalination project, which is almost close to INR45 crores. We are in the middle of negotiating a few such projects, which have been put up in the country. So we expect some additional non-JJM institutional business coming from things like desalination and/or other type of applications. And that's how we think we feel confident.

Now if something was going to happen to JJM and center and state work together and they start releasing more funds, then that could be an upside to this number I'm talking about. So this number is basically a higher amount of exports, higher amount of non-JJM infrastructure sales, and sales into states through our retail business. That's where we focus for growth.

In terms of last question, which you had in terms of the various states we sell the pipes, -- so as generally is known, Maharashtra remains the prominent. And rather than going by state, I think I'll go by zone. The #2 zone for us beyond Maharashtra is Southern zone, which they are a combination of 4 states, Karnataka, Tamil Nadu, Andhra, Telangana and Kerala. And third zone for us is West, which is Gujarat and MP, and then North, Northeast, et cetera. So that's where that's the...

Praneet: Would you be able to quantify on which zone contributes how much to the revenues? Because to understand in terms of our competitiveness, Maharashtra, understandable that we are very high in terms of market share. I was wondering how you are able to enter into newer markets because there's a lot of competition in terms of the industry in terms of PVC piping, especially in southern or northern regions.

So, I was wondering how much portion of incrementally can these other zones contribute to our revenues? And one more thing in terms of the guidance on going forward. I understand JJ mission looks like uncertain. So, you're considering your revenues to grow despite that.

So, can you tell me how much incremental growth do you expect in the incremental growth, how much do you think is going to be a contribution of exports? And what is going to be the contribution of the states you're giving -- increasing distribution in the states itself? And were we also able to get into the commercial side because you told you wanted to expand that use case beyond agriculture sectors -- agriculture industry, right? Have you been able to expand beyond that? So, can you give me some light on those also?

Anil Jain: I think primarily, we still remain focused either agriculture sales or institutional sales, which are going into industry. We have not gone into too much into residential and commercial. In terms of the states where we are looking to grow more, because, as I said, Maharashtra itself, we are quite prominent, and I think we believe we are the largest player. We'll continue to grow more in Maharashtra.

We feel Karnataka and Tamil Nadu are 2 other states where we anticipate good growth in terms of South. In terms of northern areas, 2 other states where we think we will have major growth would be Rajasthan and UP. And of course, we will continue to do a little bit more in other states like MP and Gujarat. But larger positive impact, right, substantial amount increase will come from Maharashtra, Karnataka, Tamil Nadu, UP and Rajasthan, while states like MP, Rajasthan, Andhra, Telangana would also continue to add additional growth opportunity.

Praneet: I'm sorry to interrupt, can you add some numbers to it because it seems very abstract continue. I'm just sorry, this is the same question I had before. I'm sorry.

Anil Jain: I'm unable to provide you very precise data state by state, right, for competitive reasons and other reasons. But maybe offline, there can be as an analyst, if you would like to meet our finance team, maybe some more discussions can be held. But as of now, I think this is what we can share.

Praneet: Can you just give a guidance number on growth...

Moderator: We'll take our next question from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Sir, I've got 2 queries. First up, we expect a reduction in debt, right? So what's the interest cost we are looking at for this year, FY'26 '26 at a consol level?

Anil Jain: So at about INR400 crore reduction, consol level of total interest outgo, along with the bank charges and all of that, it's about INR350 crores. Our debt is approximately around 10% cost, a little bit less than 10%. So INR400 crore reduction would normally mean INR40 crores. Again, reduction is not happening on day 1, right? It happens every year. So, at least about half -- approximately average half reduction, about INR20 crore reduction.

And some of the reduction is going to be into the 0% NCDs also. So that won't result into a direct reduction in the interest this year. But there is that fair accounting valuation, which will take place, and that would create some impact directly on the debt. But on interest per se, basically about INR20 crores.

Deepak Poddar: So I mean, at a consol level, we are at INR433 crores, right? So that's what we are expecting it to go to INR20 crores reduction.

Anil Jain: Yes.

Deepak Poddar: And my second question is on your outlook. I mean, sir, I've been tracking this company for some time now. I mean what I have seen, whatever we have been guiding, we have failed to achieve. I mean earlier also, we were targeting a 4-digit EBITDA in this year itself, which we could not achieve. And even the growth mark, I think we were targeting some INR7,000 crores. So why do you feel, or what is different right now, that the guidance that we have given, we should be able to achieve? I mean, some light on that would be very helpful, sir.

Anil Jain: Yes. I think so first 2 quarters last year due to whatever the reasons which we have gone through in every investor con call, why what happened. Going forward, we feel fairly confident based on the knowledge we have in terms of the orders that have been negotiated or response from our dealers, the feedback we have from direct customers, that is the farmers, the budgets we have seen from the various state governments where they have allocated to this industry, x amount of funds.

When you look at and combine all of that data and information, based on that, we feel -- so our internal target is higher, right? So we have built a little bit of cushion when we say high teens. So we are targeting more. But we think even if things go wrong a little bit or state budget doesn't come through, if things like that are going to happen, we still feel comfortable for this kind of growth.

Deepak Poddar: But this growth can be visible from first quarter onwards also, I mean, first quarter FY'26, there will be...

Anil Jain: Yes, I think you will see a positive growth first quarter.

Deepak Poddar: On a Y-o-Y basis?

Anil Jain: Yes.

Moderator: We'll take our next question from the line of Bhavan, an individual investor.

Bhavan: And sir, just 2 quick questions from you. One is that 10 years back, we had this very big story of Farm Fresh valued at more than $1 billion. And back then only we were hearing a lot of stories about how big a sort of business that is. And since then, I mean, I do understand, in the meantime, we had these debt issues and all, but this has been some time, and we are not hearing anything about it.

So if you can throw some light in terms of how you are looking at that business. Is it looked with the same optimism that once upon a time you used to look at, or there are some differences in terms of how you look at this business? This is question number one, sir.

The question number two is, if you look at piping business, any sort of piping firm today, you have these institutional clients, your real estate sector doing pretty well. The sales is at a different level. I think across the sectors, almost all the piping companies are growing at a pretty decent pace. While our business sort of is much softer than you gave some decent guidance, I think, 1.5 years, 2 years back, but we ultimately are still in a very softer zone than what we sort of expected to be. Just these 2 questions, we can throw some light on.

Anil Jain: Sure. Thank you. I think those are good questions. So, just in light of when the Farm Fresh business didn't exist 10 years ago. It was nearly one division of Jain Irrigation then. I think in '16 or '17, it became a company. And of course, when it became a company, maybe the total size of business was only INR1,000 crores.

Your question is right, right, in terms of its basic essence that the impact compared to what we were planning the growth for the business, what's the impact now? We think due to the debt issues or whatever last 3, 4 years, we have struggled with working capital and other things, which had impacted the underlying business.

But we have held ourselves, right, between what business we do out of India and overseas. I think this year, that business is closed close to INR1,900 crores, a little bit less than INR1,900 crores. So at least it is there, right? While it has substantially not grown, it has maintained itself around this size for last few years.

And EBITDA has been, let's say, around INR200 crores plus/minus. Hereafter, with what we are looking at in terms of, one, increased use of our capacity for mango and onion. The second, some opportunities for contract manufacturing, we think we should be able to grow revenue much faster going forward.

So I think we are cautiously optimistic in terms of -- you talked about over $1 billion, I think we are not there yet. But I think this year, as I said, this business, this quarter grew almost 14%. For the whole year, the food business grew still 9%, 9.5%. So I think current year, with all the changes which we are making, we are expecting this business to grow also 15% to 20%, and we hope over 5 years, right, we expect consistent growth on to the story. So that's the first question.

On second, on piping, I think the companies which were involved in piping into commercial and residential sector have done well, as you are mentioning. While recently over the last 1 year, I think everybody has softened compared to where they were. Our business has been primarily into rural area and into agriculture. And it was connected with the irrigation business, which went through a challenging period. But stand-alone now, I think piping business in rural area, we feel very confident that things will be much better.

In terms of getting into that other market, the commercial and residential. I think those efforts are still not at a big positive. But this year, I think we are expecting at least to INR200 crores into that segment. It is a smaller amount compared to overall size of business. But I think we have started -- we are going into that region. But it could take 2, 3 years to make big jumps to match some of the other companies, which are already quite ahead in that market for that market sector.

Bhavan: So just one question. So are we sort of focusing on the urban centers and the sort of commercial business as well, or that sort of is off the table for us?

Anil Jain: No, we have started focusing on it. And this year, as I said, first time, we should be posting more than INR100 crores sales. And once you establish the basic network, right, of the distributors, et cetera, then sales can grow quite rapidly thereafter. I think this year is where we are setting up the platform, but the benefits you will see more in '24.

Bhavan: Sir, just one...

Moderator: Bhavan, I request you to join back the queue, please, as we have other participants waiting for their turn. We'll take our next question from the line of Ravi, a retail investor.

Ravi: Yes.

Anil Jain: Okay. I remember the debt question. What was your first question? I'm sorry, got lost.

Ravi: No, the utilization levels of the present capacity.

Anil Jain: Yes. So, I think we still have adequate capacity. We do not have to spend heavy amounts for growth either in MIS or PVC business. We need to do a small amount of the investment of a specific product line, which is higher margin or which is getting sold more. But that would be within replacement of the depreciation within that amount that will fit in. So, we are not looking at big numbers in terms of capex in that context to looking at kind of growth which we are planning.

The second part in terms of deleveraging, right, and the discussion about value monetization, when was that discussion, right? Our total debt was close to almost INR7,000 crores. We expect debt to be down to this year, it is already INR3,500 crores, maybe closer to INR3,000 crores in FY'26.

So, we have come down a long way. Most of this INR3,000 crore debt, what you see now on the combined consol company, including food business and everything else, is working capital debt, a limited amount of long-term debt to back the inventory receivables, which are there.

In normal course, kind of 15% plus growth every year with further additional reduction in the receivables from legacy receivables next year, so '26 INR400 crores reduction, ' 27 INR400 crores reduction will happen, right? And meanwhile, the EBITDA should go up. So, I think we are going to hit sometimes '27, '28, approximately, the debt would be not more than 2x of EBITDA. So that I would consider to be a very healthy level.

Now, if there are additional opportunities for value monetization, where we can further bring it down better, we would pursue those. And there was this earlier one question related to whether we are listing the food business, there is one is that opportunity. And those we would see. But we have already come down, as I said, from INR7,000 crores, we expect this year down to about close to INR3,000. And every year, you'll continue to see reduction while business will grow.

Moderator: We'll take our next question from the line of Barakh Khari, an individual investor.

Barakh Khari: Sir, I was just going through some of the transcripts of the last conference call. And you mentioned that we expect most of the EPC projects to be done by March, and we expect the receivables, let's say, by September '25 to be secured. I was just wondering, are we on the right track, or we may go into FY'27 also with some receivables due because we have the NCDs due for repayment in FY'27.

So, I was just wondering, do we have enough cushion? Because just wanted to see the repeated instance of FY'19, what we incurred. So just to understand more on that. Can we expect all the receivables by FY'26 '26 or we may get into FY'27 with some more receivables due from the state governments?

Anil Jain: So, I think the receivables are due, some of these NCDs are due second half of, I think, calendar year '26, that is in FY'27 and FY'28. From the government EPC project receivables, as I said, we have most of projects, we have done 95%, 97%, which are going to get completed. So, we are assuming at least close to INR400 crores, INR450 crores to come from these legacy receivables, which would allow us to prepay the part of the dues which are falling place in second half of the calendar year '26, already will be prepaid this year.

So, whatever the remainder receivables, which will come in the next fiscal year, even the projects are getting completed now or, let's say, in the current year, then we will have an adequate cushion before the last part needs to be paid. So overall, we are actually planning to prepay this year so that we don't have any last-minute issue. We would have a significant amount of cushion. And overall, our planning is that these NCDs would get kind of prepaid rather than wait till the last time.

Barakh Khari: And sir, second question is, I remember you used to be sounding very bullish on the retail spices or the institutional spices opportunity. I know we went through the debt, and we didn't have enough working capital on the Agro side. Any plans of revising all these spices opportunity? And one of the participants asked why are we not listing, we can raise some fund, which partly can go for debt reduction, partly for the future growth? Where are we on the spices overall opportunity?

Anil Jain: Yes. So, as you rightly pointed out, right, that we couldn't allocate adequate working capital to grow the spices business, while we are more focused on stabilizing existing businesses like Onion or fruit pulp, et cetera, which we have done, right? And as you have seen this year, the overall food business has grown.

We are now, I think, rebuilding the spice business. Current year, again, first time, I think FY'26 business should be 3 figures or more. And over 2, 3 years, I think we are expecting spice business to start contributing quite well. And any event of value monetization like listing or others, which I have answered adequately, so I do not want to repeat, would further help support that particular division. So as things happen over the next couple of quarters, we can keep you updated.

Moderator: Ladies and gentlemen, we'll take that as the last question for today. I now hand over the conference to management for closing comments. Over to you, sir.

Anil Jain: Yes. Thank you. And I think it has been a quite productive call. So '25 was a challenging year, but the positives from that year is the reduction in the debt, significant generation of cash flow from operations. I think those were very big positive. Last quarter, the higher growth in the high-tech as well as Agro has been quite good. So, these are big positives coming out of last year.

Current year, we are very optimistic and bullish in terms of revenue growth, EBITDA growth, cash flow generation, and debt reduction. So, we think we should be firing on all the 4 cylinders in the FY'26. So that not only in terms of quarter-to-quarter, year-to-year, but I think structurally, company is becoming a different company, more focused on free cash flows, reduction in working capital cycle because that is what will sustain us, right?

Because we think over the next 5 years, right, there's substantial growth potential of the company. And mostly, we want to pursue that along with the internal accrual and continue to create that room for growth. And we look forward to support of all stakeholders in this endeavor.

And we thank you, and we appreciate all the support everybody has been providing. Thank you again.

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