



MOLD-TEK
Technologies Limited

MTTL/SECT/078/2023-24

Date: 2nd November, 2023

The Secretary,
Listing Department,
BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai-400001.
Scrip Code: 526263

The Manager, Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai-400051.
Symbol: MOLDTECH - EQ

Sir/Madam,

Sub: Transcripts/Outcome of Analysts/Investors Conference Call for discussing the Un-Audited Financial Results (Standalone and Consolidated) of the Company for the period ended on 30th September, 2023 and other Business Updates.

Ref: Regulation 30(6) of SEBI (LODR) Regulations, 2015.

This has reference to our letter dated 25th October, 2023 where-in the Company has given intimation to the exchange(s) about the schedule of the Analyst/Investors conference call of the company for discussing the financial results of the Company for the quarter and half year ended on 30th September, 2023 on Monday, the 30th day of October, 2023 at 4:00 p.m. (IST).

In this regard, pursuant to the requirement of Regulation 30(6) read with Para A of Part A of Schedule-III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcripts of the Analyst/Investors conference call of the company and the same has been uploaded on the website of the Company at:

<https://www.moldtekindia.com/investors.html>

Thanking you,

For Mold-Tek Technologies Limited

Thakur Vikram Singh
Company Secretary & Compliance Officer

Encl: A/a

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MOLD-TEK

“Mold-Tek Technologies Limited Q2 FY24 Results
Conference Call”

October 30, 2023

MOLD-TEK

 **NIRMAL BANG**
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 **CHORUS CALL®**

**MANAGEMENT: MS. LAKSHMAN RAO –CHAIRMAN AND MANAGING
DIRECTOR, MOLD-TEK TECHNOLOGIES LIMITED**
MODERATOR: MS. TERESA JOHN – NIRMAL BANG EQUITIES

Moderator: Ladies and Gentlemen, Good day and welcome to the Mold-Tek Technologies Limited Q2 FY24 Results Conference Call hosted by Nirmal Bang Equities Private Limited.

As a reminder, participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions post the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Teresa John from Nirmal Bang Equities. Thank you and over to you, ma'am.

Teresa John: Thank you, Sagar, and a warm welcome to all our participants in the Q2 FY24 Earnings Call of Mold-Tek Technologies.

At the outset, I'd like to apologize for the slight delay in starting the call. From the management we have Mr. Lakshman Rao – Chairman and Managing Director of the Company and also the finance team.

Without further ado, I will now hand over the call to Mr. Lakshman Rao, after which we will open up the floor for queuing. Thank you and over to you, Sir.

Lakshman Rao: Good afternoon, everybody. Sorry for the delay in starting the conference. There was some technical glitch.

I'm glad to inform you that Mold-Tek Technologies has delivered another set of good results for the Q2 compared to the previous Q2, the revenues set up by 15% and PAT up by 19%.

In the H1 to H1 the numbers are very impressive, a growth of 20% in revenue and profits are up by 45%. So again, envisaged in the past as we progressed in the years, they accumulated jobs and invoicing will improve and the numbers will be improving as we go towards the end of the year.

As usual last two quarters, the Company has recorded the sizable growth thanks to the new additions in the MES Division.

In mechanical, we have got a growth of almost 79%, but the Q2-on-Q2 and for the H1 on H1, it is 59% revenue growth. So, this has significantly improved the profitability and that's why the H1 profits are up by about 45%.

There is little stagnancy in civil revenues and however the profitability improved because of improved rates and increased revenues from the connection designing jobs.

So having said that, I will leave the floor for question answers and I will request the operator to put us in the question answers mode.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhi Jain from AJ Associates. Please go ahead.

Abhi Jain: However, I have a few questions. The first question that I have is that we have stated right now that there is a certain flatness that we have observed in the civil construction segment. So, what is your outlook for the balance here and are you seeing the any sort of slowdown because of the recessionary talks in US because of which you're seeing this sluggishness in the water or is it just out of character quarter for the division and it is supposed to bounce back in the next two quarters. That was my first question and once you answer that I'll come to the second question.

Lakshman Rao: See, the order booking has improved in the last 2 months, 3 months in civil compared to the previous quarter. There was some slowdown in the month of April to June in construction industry if not which has directly impacted, but the number of inquiries and the number of order bookings have improved considerably in the last 2nd Quarter.

And again, we have a healthy order book of more than 3.2 million for civil as of today, which was comparable with about 3 million last year this time. Coming to MES, that is where we actually achieving better growth in this year. We have much better order booking and also some orders for major size are about to be confirmed from Mexico and Europe.

So, therefore we still are positive on the growth from MES. Going forward, we may continue to have similar growth which will handsomely contribute to the bottom line. Coming to the civil it's not that there is any recessionary trends we notice in US because of state funding and the 3 trillion boost given by the present US. government, construction activity is still not affected by other discretionary trends in those in the US especially.

So, I foresee that the civil also will grow at least at around 10% for the overall year. Currently it is 3% growth in H1, but we hope it will pick up given the recent improvement in order booking and probably close to 10% overall growth. MES on other side is at 59% growth in H1 to H1 and we hope at least this similar trend will continue in the remaining two quarters.

Thereby, the Company can achieve our projected top line growth of 20%, which is now currently at around that. So, so easily we may achieve, we may target around 24% top line growth and having already achieved 44% PAT growth, a similar trend of 40% to 50% bottom line growth can still be continued in the coming quarters.

So, overall there will be considerable growth in performance. Thanks to MES, which was the laggard till 2022 I started performing and adding more clients quarter-on-quarter.

Abhi Jain: Sir, I have just a follow-up question and I just wanted to understand the business better. So, based on whatever I've heard and whatever I read through your annual report. One key advantage of Mold-Tek enjoy is the low employee cost base because of having an employee cost based out of India and the model of having a hybrid kind of structure where you're servicing and the

distinguishing factor between you and your other US counterparts is that your employee cost is considerably lower as compared to your US counterparts, which gives your benefit in terms of the cost advantage.

But I would like to congratulate you on the award that you've just won for the stadium that you have built, so congratulations on that. But I was just going through that awards list and I saw another competitor of yours who has a very similar business model. The name I think is Ovation Services LLP and I think the founder is probably he was an ex employee of Mold-Tek. So I just want to understand that it really seems that there are more players who are employing us in the business model. So, in terms of the competitive advantage that you have, do you think that it's still hold good or do you think that there are other players that are coming up because of which this cost advantage is something that will not be a long runway success from Mold-Tek and the acquisition that you're planning that might be a better way to improve your business environment going forward.

Lakshman Rao:

Yes, there are many players already there, not today for last several years we have been having many competitors in the field, but as our unique model and our quality systems which are much stronger and being there in this field for more than now I would say 14 years, 15 years in the high rise building steel construction, we have achieved, I mean, rather say we have received the confidence of our clients that's very important in this engineering field because in construction activity detailing or designing contribute hardly 2% to 4% of the overall cost of structure.

So, nobody takes a chance of cost arbitrage in such a small percentile of the overall cost, by jeopardizing their own infrastructure. So, credentials of the detailing Company are a designing Company are very, very essential, that is where we have proven our track record in the last 12 years, 13 years and that will be very difficult to achieve for upcoming companies unless they also prove themselves which would take much longer time.

And as you correctly said, moving forward, our idea is to go through connection design and member design that is structural designing either through acquisition or through our own efforts. Our own efforts will take longer time. So, we are more inclined towards acquisition, and we are in talks with couple of them, but we need to find out the current fit of people who will join us and take the Company plans forward.

So, going forward, there will be a decent growth like what we did this quarter this year like at 20% to around 15% to 20% top line growth and 30%, 35% bottomline growth, but this can be accelerated if we go through the route of acquisition, especially in the field of structural designing. So that is one area we are still looking for that could really accelerate if it happens whenever it is.

Abhi Jain:

So just to sum it up, this last question that do you think is there a good possibility of targeted acquisition happening in this financial year or it's still too preliminary?

Lakshman Rao: It is possible because we have been talking and now, we have entered through some other way of reaching probable companies who are willing to either join us as the JV or even a merger. Earlier we were looking only at mergers of 100% acquisition, but now we are open even to have a minority stake for our partners because having them on the long run with us is more important and more sustainable because these firms are also over a period of time established their credentials in US and that credentials we lose if we lose the partners.

So, we are now open to even considering joint ventures or even partial holding for the new partners. So, that way we hope to improve the proposals and probably stacking a deal probably in this current financial year.

Moderator: Thank you. The next question is from the line of Prolin Nandu from Goldfish Capital. Please go ahead.

Prolin Nandu: So, my first question is on your civil part, I mean, so you're saying that you're expecting a 10% growth and obviously margins will improve, but given the size of the market and the size of the outsourcing industry and the tailwinds which are there in terms of construction, you are saying that there is no recessionary kind of trend that has been seen, don't you think this is a bit lower number, I mean, because you're getting into more and more larger projects, you have won awards as well and you're getting into connection part of it as well.

So, is 10% the number that we should look for in the medium term irrespective of the acquisition that we make or not? I mean, if we don't make an acquisition, would this be a 10% kind of a segment? Is that a right assumption to make or I mean it would be going higher than 10%?

Lakshman Rao: Yes, as you said though there is no major recessionary trend. There is a definitely a slowdown in the general activity in US in construction industry, especially in commercial and high-rise building arena, infrastructure wise they are maybe spending more on roads and other infrastructure, but coming to the buildings it is again a private mostly private sector investments which are basically yet, I would say, if not recession they are slowdown.

However, in spite of the slowdown why we are anticipating 10% growth is our ability to convert more new clients rather than our own clients growing. So, that way there is a huge gap in civil where we can even try to expand larger percentage like say 10 to if not 10% up to 20%

But given the slowdown and the current pace at which the high rise buildings and infrastructure projects in construction side are happening and this is a reasonably good performance. Now to reach more than 10% and try to aim at 20%, 25%. What we require is other areas like precast concrete wherein we have just started a small team recently and we are finding some good enquiries coming in that way.

So, probably the efforts what we put in this year can help us improve the precast numbers in the next financial year irrespective of acquisition or not that itself can make the 10% to probably up to 15% assuming the economy remains same in US, but adding new lines like precast and

enhancing our connection design projects can take us to the higher orbit, but not beyond 15% to 20% mark until we make an acquisition.

Once we make the acquisition that number can be sizably up something like 30%, 40%, 50% is also possible because the structural designing as it is having a much higher arbitrage because Indian designers are available at much lower price than structural designers in US. And obviously though you need stamping by professional engineers of Indian US origin, the basic 80% of the work other than checking and stamping can be also from India. So, that is when we can see a big leap in numbers that can come in the civil division.

Prolin Nandu:

And on this, let me ask you a question on this acquisition. So, you are looking at acquisition into architectural and structural design segment, if I'm not wrong. So, what percentage of overall construction cost would architectural and structural design constitute and in terms of on the last call you mentioned that you have two engineers who basically signed the design right part of it, would they be able to give a go ahead on the structural and architectural design as well? So just wanted to understand how is our synergy with the existing team that we already have in these two segments that we aspire to get into?

Lakshman Rao:

No, actually we have more than 15 engineers who are capable of handling sectional designing given an opportunity. What I mentioned two people are they are professional engineers, certified professional engineers of American standards. So, they have been educated and they got the they cleared the exams and standards that are required for to be a professional engineer in USA and they worked in US and joined us.

So, those two people had a team of 15 people now who are mainly doing connection design and a very little bit of member design unless you have a presence in US, getting a member design or structural design project is very difficult, but the team is ready in place about 15 people.

So, even if we make an acquisition of the same size in the US, we can immediately ramp up this team and enhance the activities of our future partner so that way we are ready. What is required is to find the correct partner. If you ask me why we taking time is we don't want a partner who want to retire, there are many firms which are ready where the promoters are the key people want to retire and thereby sell off their practice, but that won't help much because the credentials of the partners and their deep experience is what matters in structural design.

This explained in why it took long for us to come to a level of credible service provider is because we spent more than 10 years, 12 years building up our reputation with proven track record with many buildings to mention as our proof of the our competence and several awards like this year also we got an award of Customer Choice Award of 2023 for our Solid Steel Customer Choice Award, which is a well noted award in US for a Gillette Stadium North End Zone project.

So, like this our rewards are happening more frequently of late which build up our credentials. Similarly, if we let go the promoters after acquisition it doesn't add to our credentials and rather people start doubting our firm's ability to continue providing quality designing. So, when we

acquire the designing Company, we want to see for promoters who will stand with us and work at least 5 years to 10 years so that now the Company will make use of their credentials and work they have done. So, that is why there is some delay in finding a correct partner, but now we are in talks with a couple of them and let's see how it happens.

Prolin Nandu:

So, just if you can answer the question as to what percentage of overall construction cost would architectural and structural design constitute and also when we are going and meeting these partners, what is it that we are offering apart from obviously equity part, but do we offer something in terms of scalability which will also excite them to partner with us, so what is it that we bring on table when we are going and meeting this partners whom we want to either do JV with or acquire?

Lakshman Rao:

Let me answer your first part. The overall cost of architectural and designing will be typically 4% to 5% including detailing. So, architectural structural detailing itself would be more than 2% to 3% while detailing maybe around 2% because of the value addition the quantum of hours that you spend in architectural and structural design are much less. Though they contribute as much as detailing.

So, that's where your hourly rates are more than double, I would say in structural and architectural services. Hence, the margins can improve considerably. Coming to your second question, what we bring to the table for our JV partners is you yourself answered one is scalability. They can expand their business with the rapid addition of manpower coming from Indian structural designing background because the difference between structural design in US and India is only 2 in 2 parameters.

One is we follow Indian Standard law, and they have American law and their earthquake and other standards of construction differ from our standards. So, that difference is not a great rocket science for our engineers to adopt. In a few months they can easily catch up.

The second thing is the stamping. The professional engineer stamping is a must for every building that comes up in USA, be it a small two-story building or even 100 storey high rise building, and the piece have to have board certification and they have to revise their board certification periodically and maintain high insurance cover for all, if any defects in their design.

So, restamping is one thing which makes structural designing a difficult area to enter for many small players. Having said that, we have enough coverage of insurance and when we acquire a Company, they will also be having enough cover for professional insurance that will safeguard any structural designers work.

So, what we bring to the table for them is our ability to scale up very rapidly and more than that everybody knows the cost arbitrage, the cost of architectural or structural designing engineers in US is not less than \$100 an hour anywhere \$100 to \$200 for an hour, depending upon the complexity.

Whereas in India, even at \$30 to \$40, we'll be making excellent profits in spite of providing good engineering support and our with the peers who are already working in our Company in Hyderabad, they themselves are capable of doing structural design by themselves, even stamping they can, but you have to have a American presence and ability to visit the site at least once or twice in the during the construction that is very essential for the general contractors to believe and offer bigger projects.

So, that's what we get from our front-end partner in USA and also his credentials over a period of time which he would have built. So, what we bring to them is scalability and, of course, cost of arbitrage in a very big way and of course capital enhancement once they're with us in terms of as an equity partners, they will also settle again capital appreciation.

Moderator: Thank you so much. Next question is from the line of Naman Chandak from Individual Investor. Please go ahead.

Naman Chandak: Actually, wanted to know what kind of time we operate for civil and mechanical services total addressable market?

Lakshman Rao: Sorry, what kind of?

Naman Chandak: Total addressable market.

Lakshman Rao: Total addressable market in civil and mechanical is a big ocean. See actually in mechanical there are much bigger players like Cyient and quest and even Mahindra because mechanical has multiple area and automobile is a very small part of entire mechanical engineering, you have product development, product design. We have SPMs, we have plant engineering. You have marine, you have aerospace, you have travel or trains and buses like that there are hundreds of applications in MES, we are hardly in automobile that too in the field of the BIW and now we are getting into press tools, we are getting into surfacing.

We are planning to enter into interiors and exteriors mainly focusing around automobiles, but there are opportunities everywhere. We also have a team of poles and tower. We have a team working on telecom. We have a small team working in telecom and we also have a small team in SPMs Special Purpose Machines.

So, like that in MES, it's humongous. I can't even imagine that will be more than \$100 billion market available for people to grab and then coming to civil in US, it is not less than \$8 to \$10 billion opportunity and of which half of it are 20% of it may be currently being outsourced all across the globe, but majority of it is still done in the US soil itself because basically though detailing is a low cost, I mean, 2% cost of the building that contribution of retailer is very, very crucial for a proper erection of the building, because any errors or any misunderstandings in drawings can lead to lot of erection problems and stoppage of work in the field, which can be very expensive for them.

So, they still believe that the American retailers can provide a better job and obviously it's true because of their long association and long experience, but now firms like Mold-Tek which have crossed 10 years of such experience having project manager stationed in US, is also able to match the quality at a much competitive price. So, more and more work would be ultimately outsourced to US, I mean, sorry India and other cheaper research countries.

So, that way in my opinion it's more than \$5 to \$10 opportunity available, maybe probably about half a billion all across the globe is now currently being outsourced from India also, I guess the work going on must be in the close to \$40 to \$50 million out of which we constitute around 12 million, 13 million, but that is going to go up as more and more credentials and more and more belief is set on Indian engineering work, especially in civil.

Naman Chandak:

And then we have a solid margin profile. So, what are the major factors? Do we have some kind of mode or what are the reasons behind such good margin profile?

Lakshman Rao:

See the good margin profile is because of the niche area, not only civil side. We are in a niche area, but even in the BIW we are into simulation, we are into high end 3D designing which very few firms are offering and having said that one more restriction maybe the question could be why we are not growing very rapidly.

We are going well, but not rapidly because of the manpower shortage in this field because being a niche area we have very few simulation engineers in the country who are good at their work and who have exposure in BIW and that is the starting point after simulation comes designing and drafting and other things.

So, unless the simulation population increases, we cannot handle more and more projects. So, that is one of the reasons why we are aiming to be happy to be growing at 10%, 20% till last year. But having now got the credentials in MES, currently we are seeing a growth of 50% plus. This hopefully will continue for a few more years and by then we wish to enter ourselves into other fields like press tools, interior, exterior and other fields of automobile.

Our Special Purpose Machines and other areas so that we sustain the growth of 50%, 60% coming from MES numbers, which is a very low base. So, going forward is an exciting time. We are all looking forward to entering a high growth phase in MES with it, not only just expanding in the current BIW, but diversifying into other fields as well.

Naman Chandak:

So, currently we are projecting a very great good growth target. So, how sustainable do you see as we have a low base right now. So, on a longer run, how sustainable what would be a more sustainable growth approach for the Company?

Lakshman Rao:

Having a very small base is an advantage for the numbers to be impressive, but by expanding our areas into other domains in mechanical and in the same domain of structural construction, if we take over architectural and structural designing firms and build up our JVs with correct

partners, we will be able to continue this kind of a growth for quite some time. So, we are looking at that kind of business plan.

Moderator: Thank you much. The next question is from the line of Kenneth Mendonca from Tamohara Investment Managers. Please go ahead.

Kenneth Mendonca: I have a few questions. First was for the Gillette Stadium project will be the single supplier to that project.

Lakshman Rao: Yes, we have the single retailing Company for them.

Kenneth Mendonca: In a press release we mentioned we've done some expansion in the connection and member design capabilities, could you qualify that?

Lakshman Rao: Yes, expansion means we have a team of 15 people to 18 people now, which were hardly 5, 6 last year. So, our connection design team, which is also capable of handling member designing is now currently stands around 18, maybe 20, close to 20.

Kenneth Mendonca: And lastly in the mechanical division which we mentioned again in the press release, how do we differentiate between pipeline and work in hand?

Lakshman Rao: See work in hand is something which we already grabbed, and orders are on hand. Pipeline means where we are about to finalize or negotiate and close the deals.

Kenneth Mendonca: And how do we look at this in terms of pipeline growing compared to last year versus this year and going ahead what the outlook is?

Lakshman Rao: Yes, we have several major projects where we have bid, and we are in negotiations with our clients. We see in these not only the price, they negotiate time frames when we can deliver and they will have phased manner of delivery which we can meet or not is what takes some time to discuss, even after aborting a project, that process goes on because whatever inputs we give that is the basis for them to build the robots and conduct the simulation beforehand itself to see any clashing is happening while the robots are operating in the field.

So, until our simulation input goes to them, they can't take the next step forward because they will be simultaneously procuring the robots or modifying the robots to match to the design. So, it is a hand in glove kind of work with the assembly line manufacturers of BIW, so which is more involved.

And as we do few jobs, more and more comfort come in the minds of the clients and more and more stickiness comes, for example, this FFT Mexico we started three years ago as a very small vendor though they do a lot of work for their American clients, the work is executed through their Mexican office.

So, we started very small with very competitive prices three years ago and today we are paying at least 5 to 7x of what we are doing at that time and similar relations we are slowly building up with some companies in Europe, like VDL and other companies, and those relations are at somewhat maturing stage. Once those matured relations built up, the Tier 1 suppliers, some of them are Tier 1.

They not only believe in our abilities in BIW, but they will also even offer us other areas of domains like press rules and interior exterior and other areas where if they are active. So, these relations to come to a level of Tier 1 it took us almost 7 years, 8 years in mechanical. So, today I am more confident of growth because this will lead to our penetration into other related fields which over the period of the credential building is help us to diversify into other fields, related fields also other than just BIW?

Kenneth Mendonca: And lastly just to add just to understand within mechanical how would non-auto have grown for the same quarter and first half?

Lakshman Rao: Non-auto is not very significant. It is less than half million last year and this year it is around 700 K we are projecting our 800K less than a million, which is a good growth because even in poles and towers we are having good traction because thanks to the infrastructure drive in US, the roadways and electrical modernization all require poles and towers. So, that is where we are seeing a big jump though this number is very small, the growth is considerable in that front also.

Moderator: Thank you. The next question is from the line of Pulkit Singhal from Dalmus Capital. Please go ahead.

Pulkit Singhal: My first question is on CES. The previous quarter when you had come on the call, you had guided to 20%, 25% growth for FY24 and now we are guiding to 10%. So, that's a very sharp cut in just three months. Can you just take us through what has changed in three months?

Lakshman Rao: What you are saying Pulkit.

Pulkit Singhal: We are guided to 20% to 25% growth in the civil division for FY24 previous quarter on the previous quarter concall. Now we are guiding to 10% growth. So, that's a sharp cut in the growth guidance. I'm just wondering what has changed with the last three months for the same?

Lakshman Rao: Actually, in Q2, we grew by about 15%.

Pulkit Singhal: I am talking about the civil division?

Lakshman Rao: Q2 to Q2.

Pulkit Singhal: I am talking about the growth guidance that you've given for the full year FY24, civil division growth guidance you've given to be 10% right now last quarter when we had talked/

- Lakshman Rao:** In Q2 you mean?
- Pulkit Singhal:** FY24 for full year?
- Lakshman Rao:** For the full year currently in H1 we are at 20% top line growth and for the Q2 and Q2 it is 15%.
- Pulkit Singhal:** For the civil division?
- Lakshman Rao:** Not civil overall.
- Pulkit Singhal:** CES I am talking about CES?
- Lakshman Rao:** Oh in CES.
- Pulkit Singhal:** For CES you have given the 10% YoY growth guidance for the year, but when we met in the previous conference call, we had guided to 20%, 25% growth for CES for this year. So, has there been a sharp cut in the growth guidance for CES in these last three months?
- Lakshman Rao:** I might have maybe made a wrong number in my mind in the overall for the entire Company we are looking at 20% to 25% revenue growth. In CES we were always aiming at around 10% to 12% and in MES we are looking at 40% to 60% which is we are currently at 59%. So, because MES being a smaller number overall growth of 20% is what we envisaged.
- Pulkit Singhal:** This 20% to 25% is in rupee terms for the full year?
- Lakshman Rao:** Our total revenue growth is 20% to 25%.
- Pulkit Singhal:** But even to achieve 20% to 20% your current quarterly revenues was around \$4.8 million for Q2. This has to easily go to \$5.5 to \$6 million for you to achieve the target, is that the kind of order book you are seeing already?
- Lakshman Rao:** Yes, we are aiming at similar what numbers what you said we are aiming at for the third and 4th Quarters because typically the projects build up and accumulate as we progress in the year. 3rd Quarter for us is 4th Quarter for US.
- So, there will be more project deliveries mostly in the 3rd Quarter and whatever spillage goes into January-February contributes to our 4th Quarter. So, that way third and 4th Quarter are typically good for us. So, we anticipate better growth there.
- Pulkit Singhal:** And a few data points if you could share what is the order book for MES division right now and what was the CES division revenues for 2Q in terms of dollar million?
- Lakshman Rao:** Q2 revenues of MES are 1.62 million as against 1 million last that's about 60% growth. And in Q2 it is 1.1 sorry I have given the H1 number. H2 is 1.2 against 0.52 last year, say about 100% growth.

- Pulkit Singhal:** And the order book currently for MES?
- Lakshman Rao:** Currently the order book is more than 700 K which was nominal 6 months a year ago.
- Pulkit Singhal:** But the order book in MES has come down quite significantly. I mean it used to be \$1.3, \$1.4 three quarters ago last quarter it was 1.1 and now you are saying 0.4?
- Lakshman Rao:** The third and 4th Quarter this generally sharply goes up. If you noticed last year, 1st Quarter beginning our order book value is pretty low. Now currently it is 700 K which is a big jump actually because of a low base, but new projects which are now coming would be executed before December. So, that's where we will have not only completed decent revenue, but also we'll have a good order book in general.
- Last year, as on 1st December, we had 0.92 million order book, but as on 1st September it is negligible amount. So, typically delivery bills and even orders start flowing from August, September onwards.
- Pulkit Singhal:** So, the RFQ that you kind of applying for, what is the size of the order in any sense of how big the order that you're kind of trying for?
- Lakshman Rao:** Nobody goes for committing more than 300 to 400 K orders every quarter because unless we deliver the first tranche, they won't generally release the second tranche because of fear of their production itself getting affected. So, generally as we progress into the year the order release will also increase.
- For example, in this month and the remaining few weeks, I mean, in the month of November, we are anticipating quite a bit of new order confirmations which need to be delivered before December or even January-February. Typically, the order books in MES, especially in BIW picks up from the 2nd Quarter.
- Pulkit Singhal:** And lastly how's the pricing environment for the orders?
- Lakshman Rao:** Pricing environment has improved because our credentials have improved, we are in a position to ask for better rates from our old clients. They are willing to give us a little premium now because of our qualities now established, our systems have been audited by them. Recently couple of times have visited us in the last 2 months and they are very much interested in our quality procedures and training abilities. So, they are now able to take a bigger call on us.
- Moderator:** Thank you. Next question is from the line of Abhi Jain from AJ Associates. Please go ahead.
- Abhi Jain:** I think my question has been answered. I just wanted a split between MES and CES revenue for Q2 FY24. So, I think that has been answered. So, broadly 30 crores, 31 odd crores has been done by CES and broadly 9 crores has been done by MES in quarter 2?
- Lakshman Rao:** Yes.

- Abhi Jain:** So, for the next quarter we are looking at the 10% growth that we are looking at. So, the 10% because last year Q2 MES hardly contributed anything to the top line and it was majorly CES. So, we are looking at close about 35 odd crores from CES division and MES would be close about 12 to 13 odd crores, is that a fair understanding or is it too early to comment on that?
- Lakshman Rao:** Yes, we are looking at MES hitting at least 1.5 million in this quarter if there's for our top lines.
- Moderator:** Thank you so much. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Lakshman Rao:** Thank you very much for all the participants for the interest you have shown in our Company and its operation, and I take this opportunity to wish you all a very Happy Diwali and a New Year and let there be good health and happiness and prosperity in all your life. Thank you very much Nirmal Bang for this opportunity.
- Moderator:** Thank you. On behalf of Nirmal Bang Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.