



Date: August 24, 2024

To,
The General Manager
National Stock Exchanges of India Ltd.
Address: Exchange Plaza, Plot no.C/1,G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai- 400 051

Symbol: AISL

Subject: Intimation under Regulation 30 - Transcript of Earnings Call

Ref: Regulation 30 read with Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements), 2015

Dear Sir/Madam,

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings call held on August 20, 2024.

Please also note that the transcript of the Earnings call will also be made available on our website <https://aniintegratedservices.com>

Kindly take the same on your records.

For ANI Integrated Services Limited

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“ANI Integrated Services Limited
Q1 FY ‘25 Earnings Conference Call”

August 20, 2024



MANAGEMENT: **MR. NAVIN KORPE – CHAIRMAN AND MANAGING DIRECTOR – ANI INTEGRATED SERVICES LIMITED**
MR. AKSHAY KORPE – EXECUTIVE DIRECTOR – ANI INTEGRATED SERVICES LIMITED
MR. KEDAR KORPE – CHIEF FINANCIAL OFFICER – ANI INTEGRATED SERVICES LIMITED
MR. PRAVIN PANDIT – FINANCE HEAD AND ASSISTANT VICE PRESIDENT, FINANCE – ANI INTEGRATED SERVICES LIMITED

MODERATOR: **MS. PREETI BHARADWAJ – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to ANI Integrated Services Q1 FY25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participants' 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Preeti Bharadwaj from Kirin Advisors. Thank you and over to you, ma'am.

Preeti Bhardwaj: Good afternoon. Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of ANI Integrated Services Limited.

From the management team, we have Navin Korpe, Chairman and Managing Director, Mr. Praveen Pandit, AVP Finance. Over to you, sir.

Navin Korpe: Thank you. Good afternoon, everyone. I am here, myself, Navin Korpe, Managing Director and Chairman of ANI Integrated Services Limited, along with me, our Executive Director, Mr. Akshay Korpe, and our CFO, Mr. Kedar Korpe is also there. Also, we have our Finance Head and AVP Finance, Mr. Praveen Pandit. Good afternoon, once again. I would like to give a little introduction about ANI Integrated.

ANI Integrated Services Limited is one of the leading organizations specializing in technical staffing solutions for the organized sectors since our establishment in the year 1989 and incorporation in 2008. We have been listed on the National Stock Exchange under the SME platform with over 35 years of experience. We provide industrial solutions across engineering projects, operation and maintenance, and labor services.

Based in India, we serve broad spectrum services including EPC farms, power plants, oil and gas, refineries, pharmaceuticals, and FMCG companies. Having completed over 300 plus projects, we maintain a vast network of 5,500 plus technical professionals, ensuring prompt and cost-effective services, delivery tailored to our clients' needs. Our operations have also expanded internationally, allowing us to serve major clients like Larsen & Toubro, Tata Consultancy, Reliance Industries, Nestle, and many others.

With a presence in six overseas markets, we have successfully executed numerous international projects, particularly in the Middle East, Africa, Thailand, Saudi Arabia, and many other African and Middle East countries. We have earned several prestigious certifications that reflect our commitment for safety and excellence. These include the Best Safety Contractors of the Year award from Reliance Industries Jamnagar.

Also, there are a few other multinational EPC companies like Technip, Toyo, and many other such customers are there from where we got various awards for the safety, quality, and best completion contractors. Our company operates through several key segments like manpower deputation, projects, and operation maintenance. In the manpower deputation segment, we

offer specialized services such as construction supervision, engineering, design deputation, project management services, manpower staffing, and pre-commissioning and commissioning services.

Our esteemed clients in these segments include Technip, Energies L&T, Tata Consultancy, and many other EPC customers and end customers. In the Q1 of FY25, this segment contributed INR26.89 crore, representing 50.72% of the total revenue. Another vertical is the project business, which provides services like erection, installation, testing, and commissioning. We have successfully executed the project for leading customers like Technip, L&T, Toyo, IOCL, HPCL, Nestle, and many such customers are there, including Reliance, where we have done a good number of projects in this particular quarter. This includes the new refinery, the upcoming refinery, which is coming up in Rajasthan called HRRL.

Also, we are working along with the IOCL, Panipat for their expansion and Reliance Industries at Jamnagar for their new solar manufacturing plant. In the operation and maintenance segment, we offer services including day-to-day plant operation, maintenance, emergency breakdown, shutdown services, retrofitting, and many types of technical services which are required for any type of running manufacturing plants, which includes, we are providing these services to customers like U.S. Vitamin, Mylan, 3M, Nestle, HPCL, Kain Energy, Reliance, and many others.

Also, we are providing the services for the cross-country pipeline for the customers like GAIL, HPCL, BPCL, and all. In the Q1 FY25, the segment contributed INR6.67 crores, representing about 12.57% of total revenue. For the project business, the Q1 '25 segment contributed to INR19.47 crores, accounting to 36.71% of the total revenue.

In operation maintenance, our revenue is INR6.67 crores, representing 12.57% of our total revenue. Our growth strategy focuses on identifying emerging sectors, expanding our geographical reach, and strengthening our plant credibility by diversifying our services, offerings, and enhancing technological integration. We aim to stay ahead of industry trends, enter new markets, and build lasting trust with our stakeholders, ensuring continuous success in dynamic and competitive landscapes.

We are pleased to report a strong financial performance in Q1 FY '25 across both the consolidated and standalone metrics. On a consolidated basis, we have achieved a total income of INR53.06 crores, marking a 28.76% year-over-year growth. Our EBITDA doubled to INR2.88 crores, leading to an announced EBITDA margin of INR5.42 crores, net profit surge by 152.39% to INR1.68 crores, with PAT margin improving by 155 basis points to 3.17%.

Similarly, on a standalone basis, we recommended a total income of INR49.77 crores, up by 23.41% and EBITDA increased by 59.24% to INR2.33 crores, resulting in an EBITDA margin of 4.68%. The standalone net profit also showed significant increase of 75.30% to INR1.26 crores, with PAT margin rising to 2.53%. We are strategically aligned with the growing

opportunities in infrastructure development which are expected to boost demand for our core services in project management and technical staffing.

Our strong Q1 for this financial year performance reflects our commitment to expansion, innovation and delivering values. As we continue to identify emerging sectors, expand our reach and build our brand, we remain poised for continued success in the evolving market, especially with the support of the Union Budget for '24, '25, focusing on infrastructure development, particularly in road and rail transport and urban development.

As we move forward, our dedication to innovation and operational excellence will remain positioning us for continued leadership and success in the marketplace with the support of our stakeholders.

We now open the floor for any questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Aman Swamy from Invest Analyst. Please go ahead.

Aman Swamy: Thanks for the opportunity, sir, and congrats for a good set of numbers. My first question is on the seasonality of the business. So, is it like the Q1 is going to be seasonally a little lower as compared to other quarters? Is that understanding correct, sir?

Navin Korpe: Yes, sir. You are very much correct. See, generally in our type of business, first quarter is always the lean period, which do not have much of the project. So, most of the projects getting completion deadlines are March for taking, maybe taking for the depreciation for the manufacturing plants and all. So, first quarter is not that high compared to next three quarters. So, first quarter will be always a bit low than the next three quarters.

Aman Swamy: Understood, sir. Secondly, sir, what kind of project do we have right now and what is the quantum of projects and further what is the revenue visibility for FY '25 from these projects?

Navin Korpe: See, as far as the total overall business, what we envisage for the FY '25, total we will able to grow more than 20%, 25% around.

Aman Swamy: And what kind of margins do we expect?

Navin Korpe: Margin should be better margin compared to previous year.

Aman Swamy: Understood, sir.

Navin Korpe: Since this year we are if you study our consolidated and standalone both the balance sheets, our consolidated balance sheet looks to be more stronger. Since we have started increasing our footprint into overseas market more aggressively. So, local business as well as the overseas business, both together giving a good growth and the bottom line also will expand quite good.

Aman Swamy: Got it, sir. Thank you very much, sir and all the best for the future.

Navin Korpé: Yeah. Thank you.

Moderator: Thank you. The next question is from the line of Neena Deshpande from Swastika Advisor. Please go ahead.

Neena Deshpande: Hello. May I ask you a question? Am I audible?

Navin Korpé: Yes.

Neena Deshpande: Okay. Sir, how have your cost management efforts influenced profitability and what are your plans to maintain or improve margins?

Navin Korpé: Margins are going to improve definitely. If you study the last six or eight quarters of our, the margins are growing quarter-on-quarter as well as the top line also growing quarter-on-quarter. Overseas business margins are much better compared to domestic margins. That's the reason we are more expanding on the global market.

Neena Deshpande: Okay. My next question is what is the planned capital expenditure for the remainder of FY25 and which areas will these investments focus upon?

Navin Korpé: Yeah. Basically see, ma'am, we are into services business. So we are not into manufacturing. So services business we don't require that huge type of capitals and all. We are into services. So we need to create a basic infrastructure and all. So capex is comparatively very low.

Neena Deshpande: Okay, sir. Understood. If I have any more questions, I'll get into the queue again. Thank you for answering these questions.

Navin Korpé: Thank you.

Moderator: Thank you. The next question is from the line of Jayarajan from PSV Capital. Please go ahead.

Jayarajan: Thank you for the opportunity and congratulations for the good numbers. My first question is, given that the company is now like five years old, does the management have any anticipation in giving dividend payouts in the foreseeable futures?

Navin Korpé: Yes. Good question. As far as the dividend, yes, we are very seriously thinking on that. Our main aim for the investor is to have the investor has to be wealth. Our investor wealth is very important for us. And definitely we are thinking on that. We are evaluating this option. Mainly, see we are in the process of migrating to main board. That is the first target we have kept.

And based on the Q1-26, that period we are hopefully planning to go ahead with the main board. And subject to NSE, BSE compliances and all. Hopefully we'll be able to maintain that. We are on the track as of now. So what your question is about the dividend and all? Seriously, we are thinking on that. I can't make any firm commitment immediately now.

- Jayarajan:** Okay sir. Thank you. And my next question is like can you provide any specific guidance for FY25?
- Navin Korpe:** For that, I can't get you.
- Jayarajan:** Sir, I mean revenue guidance, can you provide for FY25 or for the coming years like next three years?
- Navin Korpe:** The question is not clear.
- Jayarajan:** Okay, sir. I will repeat my question again. So can you provide any specific revenue guidance for the upcoming years?
- Navin Korpe:** Revenue. Yeah. See, revenue we will be able to have good growth for this financial year as well as for the next three financial years also. Since we are doing good business, we are getting at least 80% business from the repeat customers. So basically we have minimum at least 20% of the revenue growth will be there for this year as well as year-on-year coming. Is it okay or you have any questions further.
- Jayarajan:** No sir. I got it. Thank you sir.
- Moderator:** Thank you. Thank you. The next question is from the line of Tara from VY Capital Advisors. Please go ahead. It seems like our current participant got disconnected. So we will take our next question from the line of Aditi Roy, an Individual Investor. Please go ahead.
- Ms. Aditi, your line has been unmuted. Please go ahead with your question. Due to no response, we will move on to the further participant, which is from the line of Sanjay Sharma from Unity Finances. Please go ahead. Hello, Ms. Sanya, your line has been unmuted. Please go ahead with your question.
- Sanya:** Sir, I have a question for you. So, I wanted to know, how are you managing cash flows this fiscal year and what are your expectations for cash generation moving forward?
- Pravin Pandit:** This is Pravin Pandit. Good afternoon. Our basic focus is on the overseas business because the overseas business is giving the good margins and that will take care of our working capital gap. So, in domestic, for operation and deputation, it's always 45 days working capital gap because the bidding cycle and payout is 45 days. Whereas in project, it takes 60 to 90 days because all the invoices are on milestone basis. So, we are concentrated on the overseas and that will take care of our cash margin and cash flow.
- Sanya:** Okay. So, what are your primary growth strategies for next 2 to 3 years, especially given the strong start to financial year 2025?
- Pravin Pandit:** So, our CMD Mr. Navin Korpe has already spelled out that 30% growth and if you see the historical, it's always 25% to 30% growth is there. So, accordingly, we can maintain that strike rate.

- Moderator:** Thank you. The next question is from the line of Hemant Bhatia from SG Securities. Please go ahead.
- Hemant Bhatia:** Sir, your project division has been making losses for a very long time now. So, what is the logic of continuing this division as this division is eating the profits of the other two divisions?
- Navin Korpe:** See, the project division is not making the losses as such. Definitely, the margins are comparatively less for a certain period of the time because the project business is the duration of the projects are comparatively long and initial phase of the period in the project where we have to pump the money, where the margins are not there. But later time of the project is earning is there. So, definitely there is a margins are there in the project as well. So, it's not that the other verticals have to pump the money to the project division.
- Hemant Bhatia:** Okay. And as the previous participant asked, your working capital is actually very much stressed. So, you need to work on that, I presume, so?.
- Pravin Pandit:** Yes. I got it. Yes.
- Hemant Bhatia:** And furthermore, at the time of IPO, you had guided for revenue of INR500 crores in a very short time. So, what is the view on that now?
- Navin Korpe:** Yes, it is achievable, definitely achievable. In between, because of the phase of the Corona, the initial plan got affected badly. We had a good presence in the Southeast Asia where the Corona, because of the Corona, future business got affected. But now, after this phase, we are again refocused on Africa as well as into Middle East. And both the places now, we have our own subsidiaries there. And both places, the business is started. And this year also, already good orders are there in the pipeline for next 2-3 years. And expecting the very good growth in terms of margin as well as the top line.
- Hemant Bhatia:** Okay. Okay. But I still feel that your project division, the segment results, you are showing it negative. That's why I asked previously.
- Navin Korpe:** No. For particular period, definitely it may be showing negative because the initial phase of the project is no earning. You have to spend it and bidding is not happening. And once the project is took up at say 25%-30% and all, then you actually start bidding and getting the revenue. Up to that period, it shows negative margin.
- Moderator:** Thank you. The next question is from the line up Niket Agarwal from Alacrity Securities Limited. Please go ahead.
- Niket Agarwal:** Good afternoon, sir. Congratulations on your good number. My question is that your working capital is increasing. Why is it so, sir?
- Navin Korpe:** Please speak loudly. Your voice is very low.
- Niket Agarwal:** Sir, my question is that your working capital is increasing. Sir, why is it so?

- Pravin Pandit:** Basically, we are investing some initial amount in the project segment because As mobilisation advance and it will recover after breakeven point. It takes 6 to 9 months. So, initially we are required to invest in that project division. And even deputation and operation, our payment cycle is 45 days. And our main cost is the salary payout to the employees. So, definitely it will require that working capital in the initial period. So, definitely at the closure of the project, it will be improved on that working capital gap.
- Niket Agarwal:** Yes, Sir, my next question is that are you expecting any corporate actions like right issue for the shareholders for creating their wealth and utilization of your reserves for their further expansion?
- Navin Korppe:** We are thinking about various options. So, along with the migration to main board and all, there are different options we are evaluating. But as of now, I don't have a very specific answer to your query.
- Niket Agarwal:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Vinod Gupta, an Individual Investor. Please go ahead.
- Vinod Gupta:** Thank you, sir, for giving me this opportunity. Sir, my question is what specific factor leads to 134% increase in net profit? And what do you expect this trend to continue?
- Navin Korppe:** Net profit, you would like to know for the current year?
- Vinod Gupta:** Yes, sir.
- Navin Korppe:** Current year net profit will grow.
- Vinod Gupta:** 134%.
- Navin Korppe:** At least by 60%, 70%.
- Vinod Gupta:** Okay. Do you expect this trend to continue?
- Navin Korppe:** Yes, very well.
- Vinod Gupta:** Okay, sir. And my another question is, which business segment had the most significant impact on revenue and profit growth this quarter?
- Navin Korppe:** Overseas is giving more margins and all. And in domestic also, we are expanding more into pharmaceuticals and food. Where we have already started getting good business, so the margins are much better compared to other sectors.
- Vinod Gupta:** Okay, sir. Thank you, sir.

- Moderator:** Thank you. The next question is from the line of Yash, an Individual Investor. Please go ahead. Mr. Yash, your line has been unmuted. Please go ahead with your question. Due to no response, we will move on to the next participant, which is from the line of Mahesh Sheth, from VY Capital Advisors. Please go ahead.
- Mahesh Sheth:** First of all, congratulations for a good set of numbers. And I had 2, 3 questions. My first one is, what key risks are you monitoring? And how are you preparing to medicate them?
- Navin Korpé:** I can't get you.
- Mahesh Sheth:** I'll repeat my question. So, what key risks are you monitoring? And how are you preparing to mitigate them?
- Navin Korpé:** There is no such any risk in that. Because whenever we quote and we take that due diligence of the client, their financial strength and their payout terms. I don't think there is any risk on that current business.
- Mahesh Sheth:** Okay, so due diligence.
- Navin Korpé:** We are doing for the last 35 years. So, we are knowing the risk elements in the business. And we never come across with any such kind of big surprise or any such major issue or problem.
- Mahesh Sheth:** Okay. That's good to hear, sir. My next question is, how does the recent union budget focus on infrastructure development create opportunities for your business?
- Navin Korpé:** Yes. Infrastructure definitely gives the opportunity. Our Executive Director Mr. Akshay will reply on your question.
- Akshay Korpé:** Hi. About this infrastructure project, we are getting the information from the market. Lot of new IT parks, business parks, all major infrastructure projects are coming. And where we are giving the services of the project management consultants. So, we are giving the majority services to the all PMC companies like the Engineers India Limited and Project Management Consultant companies. And we are giving the construction supervisor services to the ports, airports, terminals, infrastructure projects and all major high-rise and IT projects. So, we are giving the complete end-to-end project management consulting support for the infrastructure industry.
- Mahesh Sheth:** Okay. And can you also elaborate on your plans for further international expansion? Particularly in Middle East and Southeast Asia?
- Navin Korpé:** Yes. See, as far as the Middle East countries, we are more focusing on Saudi Arabia. We are exploring to get some handful of business.
- So, definitely Middle East mainly Saudi and few other countries we are already trying very hard. Also, as far as the Southeast Asia, we are exploring Malaysia, Indonesia and Vietnam

and few other countries where we have already done some good business over there. So, definitely that is on our radar.

Moderator: Thank you. The next question is from the line of Aditi Roy, an individual investor. Please go ahead.

Aditi Roy: Congratulations sir and thank you. My question is, what challenges are you facing in the operation and maintenance segment and how are you addressing them?

Navin Korpe: See, this operation and maintenance services we provide to the running plants, whether it is a power plant, refinery, petrochemical, pharma, food, FMCG or even the infrastructure. So, we provide round-the-clock operation and maintenance for the manufacturing plant as well as the utilities and the complete factories. So, our team is stationed there and we provide round-the-clock 365 days services to them. And also, if they have some kind of expansion or modernization then also we do good value addition.

Aditi Roy: Okay sir, I have another question. What is your outlook for the rest of FY '25 considering the strong performance in Q1?

Navin Korpe: The trend will remain same or maybe better year. So, top line also will grow considerably and bottom line will grow much better than your top line.

Aditi Roy: Okay sir, thank you sir.

Navin Korpe: Thank you.

Moderator: Thank you. The next question is from the line of Yash Rane, an individual investor. Please go ahead.

Yash Rane: Hello sir. So, my question was, are there any regulatory changes in your key markets that could affect your operations or profitability?

Navin Korpe: Can you repeat your question please?

Yash Rane: Sir, my question was, are there any regulatory changes in your key markets that could affect your operations or profitability?

Navin Korpe: No.

Yash Rane: Okay sir, I have another question. So, how is ANI positioning itself against the competitors and particularly international firms in your key market?

Navin Korpe: Yes. See, as far as the domestic market is concerned, our company is designed in such a way that they give end-to-end services. Like we are instrumental while designing of any plant. So, we provide the design engineers and all. While the construction of the plant, we contribute our

construction engineers are there. And after the construction, when the plant is running, we provide the operation and maintenance.

Or if they require any shutdown or any repairs and all that type of services. So, this company's design is a very unique design of the business where we provide the entire cycle of the plant requirements. And in the global market also, we are highly competitive as well as the experts also.

We have almost 35 years of experience in providing these services. So, we are highly proven track record, highly proven customers. So, we have the repeat customers globally as well as locally. So, getting a good business in both the areas, domestic as well as global.

Yash Rane: Okay sir, thank you.

Navin Korpé: Thank you.

Moderator: Thank you. The next follow-up question is from the line-up. Niket Agarwal from Alacrity Securities Limited. Please go ahead.

Niket Agarwal: Sir, my question is that what are you expecting at 25, that overseas sales contribution in total sales, sir?

Navin Korpé: Self-contribution?

Niket Agarwal: Sir, overseas sales contribution in the total revenue, sir?

Navin Korpé: Overseas sales for this particular financial year should be at least 40% to 50% more than the previous year.

Niket Agarwal: Okay sir.

Navin Korpé: Are you okay with this or you have any other question?

Niket Agarwal: No sir.

Moderator: Thank you. The next follow-up question is from the line of Tara from VY Capital Advisors. Please go ahead with your question.

Tara: Sir, what are the steps that you are taking to enhance the environment, social and basically the ESG?

Navin Korpé: Ma'am, your voice is not clear. Please speak loudly, please.

Tara: Yes, sir. I am saying that what are the steps that you are taking care of ESG?

Navin Korpé: Ma'am, this clause is not applicable for us because we have the purely deputation of our work. This clause is applicable for the manufacturing unit.

- Tara:** Okay. And my last question is that how do you plan to improve your investment communication and transfer in overalls just maintaining good communication with investors?
- Management:** Yes, for that we have already hired the agencies and we always believe on the fair government and investor communication. Whatever the results that we are declaring that will be making the transfer in that. And we have already hired the agency and they are communicating with all the investors.
- Moderator:** Yes, sir, we can hear you. Okay. I hope your question has been answered. Thank you. Ladies and gentlemen, we will take this as a last question. I now hand the conference over to Ms. Preeti Bharadwaj from Kirin Advisors for closing comments.
- Preeti Bhardwaj:** The conference call of ANI Integrated Services Limited. If you have any queries, you can write us at research@kirinadvisor.com. Once again, thank you everyone for joining the conference call.
- Moderator:** Thank you.
- Navin Korpe:** Thank you, everyone.
- Moderator:** On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your line. Thank you.
- Navin Korpe:** Thank you so much.