

August 28, 2025

To, The Manager (CRD) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	To, The Manager - Listing Department National Stock Exchange of India Ltd Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051
Scrip Code: 522215	Symbol : HLEGLAS

Sub: Transcript of Earnings Call on Acquisition of Omeras GmbH

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the transcript of the Company's conference call held on August 21, 2025 regarding discussion on Acquisition of Omeras GmbH.

This same will also be available on the Company's website at www.hleglascoat.com.

This is for your information and records.

Thanking You,

Yours faithfully,
For HLE Glascoat Limited

ACHAL S. THAKKAR
Company Secretary &
Compliance Officer



“Conference Call to discuss the acquisition of the assets
of OMERAS GmbH Germany”

August 21, 2025



**MANAGEMENT: MR. AALAP PATEL – WHOLE-TIME DIRECTOR, HLE
GLASCOAT LIMITED
MR. HARSH PATEL – WHOLE-TIME DIRECTOR, HLE
GLASCOAT LIMITED
MR. NILESH GANJWALA – SENIOR ADVISOR, HLE
GLASCOAT LIMITED**

MODERATORS: MR. PARTH PATEL – MUFG INTIME IR

Moderator: Ladies and gentlemen, good day and welcome to the HLE Glascoat Limited Conference Call to discuss the acquisition of the assets of OMERAS GmbH Germany.

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

I will now hand the conference over to Mr. Parth Patel from MUFG InTime IR for opening remarks. Thank you and over to you.

Parth Patel: Thank you. Good afternoon, everyone. Welcome to the HLE Glascoat Limited Conference Call on acquisition of assets of OMERAS GmbH Germany.

Today on this call we have Mr. Aalap Patel - Whole-Time Director; Mr. Harsh Patel – Whole-Time Director, and Mr. Nilesh Ganjwala -Senior Advisor.

This conference call may contain certain forward-looking statements about the company which are based on our beliefs, opinions, and expectations as of today. Actual results may differ materially. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

With this, I hand over the call to Mr. Harsh Patel for the opening remarks. Over to you, sir.

Harsh Patel: Good afternoon and a warm welcome to all participants. Thank you for joining us today to discuss our recent acquisition of OMERAS GmbH. It is my privilege to welcome you all to this important call where I share with you another milestone in HLE Glascoat's journey, the acquisition of certain specific assets of OMERAS GmbH and its wholly owned subsidiary, OMERAS Store GmbH, to our wholly owned step-down subsidiary, HLE Surface Technologies GmbH.

As you may recall, on 14th August 2025, we had informed the Stock Exchanges about the execution of the definitive agreements for this transaction. I am pleased to update you that as of 18th August 2025, HLE Surface Technologies GmbH has completed the acquisition of certain specific assets of OMERAS GmbH, which also includes all shares of OMERAS Store GmbH. This marks the formal conclusion of the acquisition process.

OMERAS is a company with an illustrious 187-year heritage in Germany, specializing in architectural facades, vitreous enamel coating, and advanced metal processing. Through OMERAS Store, it also markets glass fused to steel tanks and silos, ranging from 8 cubic meters to over 20,000 cubic meters in capacity. These modular storage tanks are widely used for storage of potable water, wastewater sludge, industrial liquids, animal feedstocks, biogas, and grain. OMERAS has successfully delivered 350 tanks in Saudi Arabia alone in the past

decade, highlighting its international credibility. OMERAS has a 21,000-square-meter facility in Lauter-Bernsbach, Germany, which is a symbol of its engineering excellence and capability.

Let me briefly touch upon OMERAS recent financial performances. In 2024, OMERAS reported revenues of €21.9 million with a gross margin of 54.3%, reflecting the inherent strength of its product line. However, due to pandemic-related disruptions, surging energy costs in Europe, and delays in certain large project executions, the EBITDA compressed to 4%, with a negative PAT of €0.46 million. OMERAS has historically demonstrated the ability to generate steady and growing revenues and resilient gross margins. We believe that with HLE's engineering skills, financial discipline, supply chain efficiencies, and customer access, we can turn the business back to sustainable profitability and growth. The high order visibility in silos and facade segments gives us confidence in a near-term recovery. This acquisition is transformational for HLE Glascoat. We are extending our core strength in glass lining from chemical process equipment into infrastructure, architectural, and renewable energy applications.

OMERAS European base opens doors in Europe and the Middle East, while also positioning us for tender-based projects in Asia Pacific, Africa, and Latin America. Our portfolio now will include large storage tanks, silos, biogas digestion tanks, and architectural panels, which helps reduce dependence on our traditional chemical and API industry clientele. Operating out of Germany also enhances our brand, aligning with premium engineering standards, which are recognized worldwide. The timing of this acquisition coincides with powerful industry tailwinds. The European Green Deal and the broader energy transition agenda are driving strong investments in renewable energy and biogas projects, directly supporting massive demand for digestion tanks and sustainable construction materials.

Global investments in water and wastewater infrastructure are projected to exceed US \$100 billion annually by 2030, a market where modular storage solutions like OMERAS tank offer speed and durability advantages over concrete. Governments worldwide, particularly in the Middle East and Asia Pacific, are modernizing transport hubs, tunnels, and clean rooms, creating a long runway for architectural enamel-coated solutions. By combining OMERAS installed base and credibility with HLE's global customer network of more than 1,500 companies, we will unlock strong cross-selling opportunities. While OMERAS faced financial headwinds, the fundamentals of its business remain robust.

With our strong balance sheet, manufacturing expertise, and disciplined execution, we are confident of reviving OMERAS profitability in the short term, scaling its operation, and positioning it for long-term growth. This acquisition also significantly enhances HLE Glascoat's role in global glass planning ecosystem, from chemical plants to storage solutions, from silos to architectural facades. This acquisition will help us in broadening our horizon and strengthening HLE Glascoat as a truly diversified global engineering and technology company. We firmly believe this is a value-accretive acquisition that enhances growth, visibility, further diversifies our portfolio, and aligns us with global sustainability priorities.

With that, I would now request the moderator to open the floor for any questions. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Sukrit D. Patil from iSight FinTrade Private Limited. Please go ahead.

Sukrit D. Patil: Good afternoon to the entire HLE team. My question is, now that Kinam is fully integrated and working in oil and gas attractions, how are you planning to scale its engineering capabilities for high-spec global clients? Are you considering any facility upgrades, automation, or joint design platforms with Thaletec to meet international standards faster? What is the guidance of the company on this? Thank you.

Aalap Patel: Hi, good afternoon. So you very rightly said that we are targeting oil and gas and petrochemical clients in the Kinam segment of the business. To do so, a large portion of the required skillset is already available within the company. We are already equipped to meet many of the global standards, whether they are related to heat exchanger design specifically or pressure vessel design such as PED or U-stamp. Also, certain skillsets which may not be available at Kinam currently are existing elsewhere in the Indian operations in the sense that our F&D and Glass Lined divisions are well-equipped to design as per EAC, which is Russian norms, GIS, CELO, which is for China, so on and so forth. So we are pretty well-equipped to cater to pressure vessel and heat exchanger needs across the globe. And to do so, any further inputs from Thaletec are not really necessary at this stage.

Sukrit D. Patil: Just a follow-up and my final question. Are you building a new pricing or delivery model that reflects higher customization and margin potential?

Aalap Patel : Is this in relation to Kinam?

Sukrit D. Patil: Kinam?

Aalap Patel : So if you look at how Kinam currently operates, they are already in a customized heat transfer solution space, which is already quite differentiated from the traditional fabricators who are offering similar products to the chemical and pharma industries. And we are also able to do so in a very large volume. So we are currently in a position to execute close to 3,000 heat exchangers per annum. So that is already in a way a space that we are working in and we are working in quite effectively.

Sukrit D. Patil: Great. Thank you very much. And I wish the team best of luck for the next Q2.

Aalap Patel : Thank you so much.

Moderator: Thank you. The next question comes from the line of Ajay from Niveshaay Investment Advisors. Please go ahead.

Ajay: Thanks for the opportunity and congratulations on the acquisition. Sir, my question is, will HLE be liable for any outstanding debt or any other liabilities beyond the acquisition amount? And if you can also provide more details on the specific immovable property included in the acquisition agreement, because there was no breakup of the €2.75 million transaction. And if you can also break it further into how much, because we are going to acquire specific assets of OMERAS and we acquired the complete shares of OMERAS Store. So if you can break this amount that will be helpful?

Nilesh Ganjwala: Thank you for your question. I think, we are specifically acquiring only the specific assets of OMERAS, which also includes the 100% shareholding in OMERAS Store which was its wholly-owned subsidiary. So we are not acquiring any liabilities of OMERAS. We are only acquiring specific assets. We are acquiring some trade liabilities of OMERAS Store, because Omera Store has no other third-party liabilities other than certain trade liabilities. And those trade liabilities are very small. We have already done a detailed diligence before completing the transaction. With respect to the question on the real estate, we are by virtue of this acquiring roughly about 21,000 square meters of land and there is a constructed factory building on top of it. So we are acquiring the land and the building. The current market value is a little under a million Euro currently. We also acquire the entire equipment, which has not been independently valued, but the value is considerably higher. We also acquire the intangibles, which include the brand OMERAS, as well as the entire technical know-how related to the manufacturing process as well as the specialized products that they manufacture. We also acquire the entire inventory as on the date of transfer, which includes all the inventories that they currently have, whether it be raw materials, work-in-progress or finished goods. And we have also taken over the entire order book on a specific order basis. So we have picked the orders which are profitable and left behind the orders which are not. So we also have acquired the specified members of the team, which we believe will be required to continue operations of the business, which includes management at all levels of the business.

Ajay: Thank you, sir. That gives a lot more clarity. Sir, another question is regarding the acquired business operations, if you can mention what is the current order book, because we mentioned in the document that we have a healthy order book and expect to turn it around a little fast. So if you can mention what is the current order book and its composition by product type, like between tanks, facades, biogas, and also by geography, because how much is it based in Europe or Germany particularly? And lastly, and because there were some order delays on these recent orders. So what is the potential impact of existing penalty clauses on the near-term revenue?

Nilesh Ganjwala: Maybe I will take your last question first. We are not taking over any of the orders, which are related to the EPC business, which is the business which led to these losses in any case, in none of the cases, is there any risk of any delayed execution or delayed delivery charges or any such. So we have not taken anything or any order which carry those, let us say, past liabilities or obligations as far as the orders are concerned. With respect to the total order book, the total order book currently, which is the order book is partially executed, is roughly in the range of

about €7 million. And we have order book of about €28 million, which is currently under negotiation. As and when these are finalized, these will then be executed over a period of maybe 12-18 months. And 28 million is the inquiry pipeline.

Ajay: Yes, correct. And by product composition, would it be possible to give a breakdown of these, like how much it would be tanks, facades or biogas?

Nilesh Ganjwala : So it is a mix of tanks and facades currently. Biogas is something which is still under discussion. So the numbers that I have provided for you do not include biogas.

Ajay: And sir, there seems to be a difference between the architectural product portfolio, because if I go and visit the OMERAS, the holding company website, and the product shown under OMERASStore. And given our existing product portfolio of glass lines and reactors, so I was not able to completely understand the synergy. So if you can explain how these architectural panels will be integrated into our existing product line and how can we leverage these with our customer base and the current application of our product?

Harsh Patel : Yes. That is a great question. Because that is also the question that we had to answer first before we considered acquiring the business for assets of OMERAS and OMERASStore. See, primarily, our interest in the business stemmed from the tanks and silos business, because that is what has the maximum opportunity for cross selling to our existing customers. The way that these panels are made, the manufacturing process is fairly automated. And the way these are manufactured, or rather the facility in which the panels are manufactured, whether it be panels for architectural or whether it is panels for tanks and silos, they are manufactured in an almost identical process and almost in a facility that overlaps almost to the tune of 80%-90%. So to have volumes for the business, I think the architectural and facade business primarily ends up being a very good volume driver for the business because as you may understand, a single tunnel project could have several 1,000 square meters of panels which need to be lined and it also gives us a very good visibility because these are usually 6-month, 12-month, 18-month supply period. So it gives us certainty of volumes. It also gives us not just certainty, but also the overall size of the manufacturing facility is fully utilized. What we also realized when we dug deeper is that these are not just any architectural panels. Enameled panels are quite specialized and they can be very high-end. So with the capability of OMERAS to manufacture in a variety of different finishes in different functional designs, especially the back-ventilated enameled panels that they make, enameled or glass-lined panels that they make, really set them apart from any of the competitors. So while on one side, it is the same facility, it ensures capacity utilization, but on the other hand, it also gives us access to some very unique and niche market. Also, this fits quite nicely with our thrust on also diversifying away from our reliance on the chemical and pharmaceutical markets. So while the end application is different, the manufacturing technology required for this is exactly identical to that for tanks and silos. I hope this gives you more clarity.

Ajay: Yes, sir. And sir, on a strategic level, because when we acquired Thaletec, we soon introduced those products into India. So are there also plans for these products of the new acquired

acquisition to market and to the Indian market? Or is it just like we will be focused on the export geographies?

Harsh Patel : Yes. So we have clear plans to manufacture and market these products in India. India is a growing market for biogas. A lot of infrastructure projects are ongoing right now in India, especially for Metro Rail, a lot of tunnels have been built. So there is a clear possibility of introducing these products in India. And as we speak now, we are developing a roadmap for introduction of these products in India.

Ajay: Got it, sir. And sir, based on the assets which we have acquired, if you can highlight, how much revenue can they generate at an optimal utilization level? And because we have also acquired a sizable land? So is there any immediate CAPEX that we are looking to incur over there? Or is there any plan to incur CAPEX in a near timeline, if you can also outline that?

Nilesh Ganjwala: Based on the current installed capacity at OMERAS, I think the aggregate capacity utilization is right now around maybe even below 50%. So there is substantial scope for further growth without any major CAPEX requirement. So there may be some incremental CAPEX for balancing equipment and things like that, but there is no major CAPEX that is envisaged in the near term. In terms of the land available for the expansion, yes, there is land available, but again, there is no immediate plan to build more capacities.

Ajay: No, sir. I will just repeat my question. Because we are acquiring just specific assets of OMERAS and OMERAS does close to around Rs. 200 crores of revenue based on current conversion of the Euro to INR. So I am asking on the basis of the assets which are acquired, how much peak revenue can that generate?

Nilesh Ganjwala: As I said, we are working at the Rs. 200 crores equivalent revenue is roughly at about 50% of the capacity.

Ajay: But we are not acquiring complete OMERAS. That is what?

Nilesh Ganjwala: No, we have acquired all the manufacturing infrastructure we have acquired in total. The entire manufacturing infrastructure has been fully acquired.

Ajay: And because currently we have, as we mentioned, the order book is currently around €7 million and the pipeline also looks healthy. And we have a very good history of turning around business and quite a good timeline, be it Thaletec or Kinam which we have acquired from maybe liquidation or NCLT. So is there any similar timeline which you are working upon or do we even see this to turn around at a faster pace? You can also share your thoughts around that?

Nilesh Ganjwala: So I think we are looking at this to be a healthy, profitable business within a time horizon of about 3-4 quarters.

- Ajay:** And the margin profile, I guess in yesterday's interview, Aalap sir also mentioned the margin for the same is going to be double digit margins?
- Nilesh Ganjwala:** Yes, that is correct.
- Ajay:** So would it be similar to our GlassLined business margins which we have in Thaletec or it would be different?
- Nilesh Ganjwala:** I think considering the cost structures that we have evaluated as well as the margin profiles and the gross margins, etc., we believe that this business will also provide a similar operating margin and a net profit margin comparable to Thaletec, yes.
- Ajay:** Got it. And sir, I would like to squeeze in one more question, because the product portfolio, the silos, the tanks, facades, and the biogas side, if you can share more insights on the market and the competition side, like, obviously, OMERAS has a history of 187 years, but from what we are able to gather, they have a history of delayed orders. So if you can also highlight on the competition side, like, how are they placed and how does OMERAS differentiate itself among the bigger market opportunities which it presents?
- Aalap Patel :** So there are a couple of players of size similar to OMERAS in this space. But so, when I say this space, let me clarify, there are a couple of players of OMERAS size in the tanks and silos business. There are also other players who specialize in the architectural facade business, but OMERAS is the only one who actually masters both. So there are very few players who are actually able to deliver quality products in both these spaces. I would say the players for the tanks and silos are located in North America and Europe, largely. There are also a few in China, but they are largely catering to the Chinese market. Similarly, also in the facade business, there are one or two competitors within Europe, but they are much smaller and, like I said, they only manufacture architectural.
- Harsh Patel :** In the architectural business, actually, there is no company in the world, as per our understanding, who can deliver at scale that OMERAS can deliver. So that is one big advantage that OMERAS has.
- Ajay:** Got it. I will come back in queue.
- Moderator:** Thank you. The next question comes from the line of Karan Sharma from Kredent Brokerage Services Limited. Please go ahead.
- Karan Sharma:** Hello. Am I audible?
- Moderator:** Yes, Karan, please go ahead.

Karan Sharma: Yes, my question was a little strategic in nature. Also, could be stemming from the fact that my knowledge might be lesser in this, so we have seen some part of capital allocation recently entering Europe.

Nilesh Ganjwala: Hi, Karan. I am sorry, but we can't really hear you. Can I request you to speak up?

Karan Sharma: Am I audible now?

Nilesh Ganjwala: A little better, but not really.

Karan Sharma: Hello, is this better?

Nilesh Ganjwala: Yes.

Karan Sharma: So my question was a little on capital allocation. So we have seen some part of capital allocation moving towards Europe in the recent times. And from what our reading suggests and what we have seen in history is, basically, whenever Indian companies have gone on to acquire assets in Europe and Germany, they have found it difficult to turn it around means, there might be larger acquisitions, smaller acquisitions, but it has been a difficult task to turn these around. Now, us acquiring Thaletec and now OMERAS in Germany, where usually the recent news flow has been around a lot of companies, their chemical and others, closing down or shutting down because it is unviable to run these assets at the cost structure that these countries have. So is there something different that you guys have seen probably which could help us or give us more insight into why this decision making into Europe? That is my first question.

Nilesh Ganjwala: So I think, firstly, I do not entirely agree or we do not entirely agree that the industry or the industrial scenario in Europe, in general, is bleak. I think there are certain pockets and there will always be certain industries which may not do well. But in general, for example, our experience with the Thaletec acquisition has been very good, as you would have seen. I think we have not only acquired it at a value which was very attractive, but we have also been able to build that business and generate both double digit growth rates as well as double digit margins. And you will agree that definitely speaks well for what we have been able to do with that company. With OMERAS, the advantage is that it is already in a very high niche area. So I think one other thing that we are very conscious about is in our selection of targets. Thaletec was a one of a kind company and continues to be a one of a kind which competitors have found very difficult to emulate. Similarly, OMERAS is also a one of a kind business, which we are very confident, they will be able to stay ahead of competition, if any, for several years to come. In addition to this, we are acquiring OMERAS at a value which is less than its inherent asset value. So we are not even talking of business valuations here. More importantly, we are acquiring not just the business and its order book, but we are also acquiring the management team. We always look forward to continuity in terms of management and the capability that they bring with them. And this always has helped us in good stead in all our acquisitions so far. So we obviously want to look at it very closely. We do a very close study of the pros and cons

of any acquisition, most importantly, sustainability and the management bandwidth. And that has also gone into the evaluation of this acquisition as well. So I think we feel very confident that we have actually got a jewel at a very affordable rate.

- Karan Sharma:** If I may ask one more question.
- Nilesh Ganjwala:** Yes, please go ahead.
- Karan Sharma:** Second question was a little looking into the future. So a couple of our acquisitions have been into areas that we usually have not been in the past, like F&D and GLE. So Kinam with heat exchangers, architectural panels, so what does our capital allocation in the future look like? Would we be adding more agencies? Would we be exploring other countries also as well in these terms or would it be like more internal domestic oriented?
- Harsh Patel :** Yes. So whenever we do an acquisition, we always look for certain synergies. So in all our acquisitions, whether it is Kinam or Thaletec or currently with the assets of OMERAS, the synergies has been the inherent technologies that are required to manufacture these products. And in the case of Kinam and Thaletec, there is a large overlap of customers also. So the acquisitions have not been without strong synergies already present in the business. Similarly, the OMERAS acquisition right now is basically based out of the strong synergies that emerges from the technologies that are used in manufacturing the products that OMERAS is making. And on top, there is a synergy in the final customer base. So there is some cross selling possible within that. So we are not going out looking for companies just for the sake of growth or acquisition. Only if you find value and synergies in a target, then we go ahead and look deeper into that. So there is no real plan of, we do not have a plan of looking for different kinds of companies. So, we are not shopping, let us just put it that way.
- Karan Sharma:** Perfectly. Thank you.
- Moderator:** Thank you. The next question comes from the line of Deekshant from DB Wealth. Please go ahead.
- Deekshant:** Hello, management. Congratulations on our acquisition.
- Nilesh Ganjwala:** Thank you.
- Deekshant:** The first question is, let us say, in the next 12-18 months, what kind of consolidated topline growth can we see from our current numbers?
- Nilesh Ganjwala:** So I think in our earlier call, we had indicated our annual growth to be in the high teens in the 16%-18% growth rate, maybe on a consolidated basis. This could get closer to 20%, looking at the current order book. So actually, things are looking very encouraging in the existing business across all our segments. And of course, OMERAS addition will be a state add-on over and above that. So I am not putting a percentage terms to that because that will be a bolt-on

addition in terms of a number. So I would say 12-month revenues, maybe in FY '27 for OMERAS, we are expecting it in the range of between €20 and €25 million.

Deekshant: Sir, secondly, whenever we have done an acquisition, our opportunity has always been better. And you have mentioned on the call that operating margins would be better than current businesses or similar to the higher range of businesses. So what kind of consolidated operating margins can we be expecting? Do you think we can go back to the high teens and more?

Nilesh Ganjwala: I think all our businesses have the potential to be in the mid to high teens with the possible exception of Kinam, which is actually in excess of 20% in terms of operating margins. So I think on an average basis, mid to high teens is definitely something that we are aiming to achieve.

Deekshant: Sir, maybe this is not relevant to our acquisition, but it might be relevant to the macroeconomic environment of EU. So EU has in this year really announced a huge defense budget. And generally, it has seen that there has been some correlations in defense and infrastructure spending overall in the past cycles. Do you think or has this one of our consideration while currently doing this acquisition that we see better infrastructure growth in the EU space or like what kind of macroeconomic activity are you seeing there, which is giving us more confidence?

Harsh Patel: Yes. So see, many countries in EU are basically trying to diversify out of their dependence on Russian gas. And mostly this is happening via the biogas route, or some part of it is happening via the biogas route. And it is expected that the biogas market, the investment in biogas is roughly going to be €28 billion in the coming years. And this was one of the considerations because OMERAS already has installations in the biogas storage facilities in, say, Italy, as an example. So this was one of the important considerations. Also, there is reasonable infrastructure push going on in Europe. And there are many metro stations either being built or being renovated, because they have their system so old that now it is time for renovating stations. So we have seen, in fact, as a part of due diligence, we met a couple of customers who were executing these underground tunnels or metro stations to get an understanding of what is going on and what may pan out in the coming years. So that has also been a consideration. And this is on top of the basic tanks and silos, which is like an evergreen business going on. And also, I would like to add that this is a global opportunity. This is not just for EU, because if you have traveled across US, you would have seen that a lot of grain storage facilities are glass steel tanks and OMERAS is not even ventured there. So in the due course, we also intend to address those markets. Apart from EU, there is also a macroeconomic factor being that countries like, say, in the Middle East, they are building artificial cities or I will not say artificial, they are building new cities. And when you build a new city, like for example, in Saudi Arabia, they need a lot of water and a lot of sewage plants are coming up in those areas. And OMERAS has already given some supplies to those kinds of projects. So yes, we have taken into account a lot of macroeconomic factors while taking this decision.

Deekshant: So sir, let us say, a 20% growth on our topline for the FY '26 and OMERAS would be completely over and above. We are not considering OMERAS in this 20% calculation?

Nilesh Ganjwala: Yes. That is correct.

Deekshant: And what kind of growth can we see this year for OMERAS for FY '26? What kind of topline Euro benchmark do we have in our mind?

Nilesh Ganjwala: So I think OMERAS this year will not be a benchmark year for two reasons. One is, of course, because it will be consolidated only for a partial period, since it will only be consolidated from the period of acquisition. So it will be only pretty much about a 7-month kind of number that will get reflected. We also believe that we may take 2 or 3 months for reorganizing some of the internal operations as well as ensuring that all the transition arrangements have been duly complied with. There are also some regulatory compliances that need to be ensured. And so I guess, I would say the next 1 or 2 quarters may not be reflective of what the acquisition stands for, which is why we believe FY '27 will actually be a true indicator of what this asset can deliver.

Deekshant: Got it. And that would be in the neighborhood of €25 million?

Nilesh Ganjwala: That is correct.

Deekshant: And last question, sir, how is our pharmaceutical business doing right now? What kind of upswing in the cycle are we seeing? Can you give us some sort of highlights on how the overall business right now is doing apart from the acquisition?

Harsh Patel: The pharmaceutical business, so when I say pharmaceutical, of course, we mean the API part of it, is doing actually quite well. There, from last year to this year, has been a double-digit growth across the country. And even in Europe and US, we are seeing investments coming in the pharmaceutical industry. And we expect that this will continue to do well in the coming year or so, or 2 years, roughly.

Deekshant: Do I have permission to ask one more question, sir?

Harsh Patel: Yes, we don't mind. Yes.

Deekshant: Yes. Sir, this is much more from a larger perspective. Peptides in pharma is supposed to be a very big, decadent thing. What kind of product innovation are we doing to make sure that the tools that we provide to the pharmaceuticals are in line right now? What kind of innovation strategy are we having right now? Because the GLP drugs are the first frontier drugs, but there are a lot more things that might come up from the research that we have been doing. So you being the pioneers in the tools industry for pharmaceuticals as well, could you help us understand this a bit more from a larger perspective?

- Aalap Patel:** Yes. It is a very interesting question, and also quite coincidental, because some of the equipment that is used for peptide production is also quite similar to the ANFDs and dryers that we manufacture. And we have already received orders and are in the process of supplying equipment for this application. So while we had to do a lot of innovation fairly quickly, but I think we have been able to deliver on that front quite effectively.
- Deekshant:** But from a directional perspective, this is just the start of the peptide industry, right? This is just the beginning. Innovation would need much more investment from our end right now. It is just an assumption, sir?
- Harsh Patel:** Yes, I would agree with you, but things are moving fast and we are working to make sure that we keep up and actually stay ahead of the market. We may not be able to tell you everything on the call. Some of them, as you might understand, are market sensitive. Yes, but we are on top of this. You can be assured of that.
- Deekshant:** Good to know, sir. Congratulations for the acquisition again. Best of luck to the company.
- Harsh Patel:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Veer Vadera from NiveShaay Investment Advisors. Please go ahead. Veer, if you can please unmute your line and ask your question.
- Veer Vadera:** Hello. Am I audible?
- Moderator:** Yes.
- Veer Vadera:** Yes, congratulations for the acquisition. I had a few questions apart from the acquisition for the general business. So if we observe this quarter, the margins in the last line segment were lower as compared to the previous quarter and also, if we compare to the competitors. Was it due to different product nature or due to different geography? And also, if we see this quarter order book hits all-time high, so from which segment more order info has been obtained?
- Nilesh Ganjwala:** So first of all, I think the margin profile on different segments are also vary quarter-on-quarter. You must have seen our past history where the first 1 or 2 quarters are relatively, should I say, softer than the latter half of the year. So you will see margins and volumes building up. During the 1st quarter itself, I think the volumes have grown substantially in the Filtration & Drying business as well as in the Glass Lined equipment business out of Europe. The Indian Glass Lined segment is also seeing a good inflow of orders which will start getting reflected in revenues and margins going forward. So I think we are hoping to maybe address your questions by actual performance in the next couple of quarters.
- Veer Vadera:** And also, as we got approval for amalgamation of Kinam Engineering and as per my knowledge, we were going to issue shares worth of Rs. 78 crores of HLE Glascoat to the Meta family. So how much dilution do we expect after this amalgamation?

Nilesh Ganjwala: So, I think we have just had the final hearing of the NCLT last week, where the order has already been pronounced. The scheme has been approved in open court. We are, of course, waiting for the written copy of the order which is expected in the next few days. So as we stand, the scheme has been approved. The total dilution or fresh allotment of shares is to the extent of roughly about 1.7% of the outstanding equity capital of the company.

Veer Vadera: And lastly, what would be the execution timeline across all the products of OMERAS, including tanks, silos and facades?

Nilesh Ganjwala: So it depends on projects. It really depends on projects. We could have execution timelines ranging from 5-6 months for plain vanilla tanks and silo, let us say, smaller orders to larger orders, which can even take in excess of 2 years.

Veer Vadera: Thank you and congratulations for the great future.

Nilesh Ganjwala: Thank you. Thank you very much.

Moderator: Thank you. The next question comes from the line of Vivek Gupta from Star Investments. Please go ahead.

Vivek Gupta: Yes. Hi. Am I audible?

Moderator: Yes, you are.

Vivek Gupta: My first question was OMERASFY '24 turnover was roughly around €22 million within EBITDA margin. So what kind of margin profile and break-even timelines do you target post the integration? I just wanted to understand what is the realistic EBITDA margin range you are targeting for OMERAS in the next 2 years. And also how this compares with HLE's consolidated margin profile?

Nilesh Ganjwala: So I think we probably addressed this earlier in response to somebody's question. But I think over the next 1-2 years, we expect EBITDA margins to be in the mid-teens, as we mentioned, in double-digit mid-teens, which will be broadly in line with the overall profitability profile of our European business.

Vivek Gupta: So secondly, when do you expect the deal to become EPS accretive and what is the expected impact on ROCE and ROE?

Nilesh Ganjwala: So the deal will be EPS accretive in hopefully 2 quarters, worst-case scenario, 3 quarters. So I would say between 2 and 3 quarters. In terms of ROE, ROCE, considering that we have acquired the assets and the OMERAS store shareholding at below its book value, it will be obviously extremely positive from a ROE, ROCE perspective. We haven't acquired this at any business valuation or any multiple of any profits or revenues, any such thing. We have actually acquired it at a value which is less than the asset value.

- Vivek Gupta:** Sir, my last question would be like, how does this acquisition affect HLE's capital allocation strategy? Should investors expect more inorganic growth moves, which moves in Europe, or will the near-term focus on consolidating this acquisition and also debt reduction on console level as directed during previous earnings call?
- Nilesh Ganjwala:** I think the broad direction on debt reduction remains the same. We will pursue our strategy of keeping debt within very reasonable levels. So that doesn't change. The acquisition of OMERAS doesn't add to debt. It has been entirely financed from internal accruals and the value of the acquisition, as you are aware, is €2.75 million, which is somewhere in the range of Rs. 27.5 crores and really, it is not from a balance sheet perspective, it doesn't stretch the balance sheet at all.
- Vivek Gupta:** Thank you.
- Nilesh Ganjwala:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Agastya Dave from CAO Capital. Please go ahead.
- Agastya Dave:** Sir, good evening. Thank you very much for answering all the questions very patiently. Sir, a very simple question. So when you acquire this company and it gets reflected on the financials, what is the asset block that will get transferred? And because you are doing it below book, I am just trying to understand how the various accounting entries will happen. So on the gross block side, what will get acquired? And on the working capital side, you said you are taking over some of the trade liabilities. Have you quantified that, sir, publicly?
- Nilesh Ganjwala :** So the only value of trade liabilities that we are acquiring is €300,000. So, it is not material. So if you look at it from that perspective, my total acquisition cost goes to about 3.05 million if you add the netting off of the trade liabilities. So the asset value at book value and I am not even talking of market price or any such thing that book value is currently in excess of about 6 billion in terms of the book value itself. So we are discussing with our auditors to scale down the valuation down to our acquisition price, which is what IFRS or Ind-AS requires us to do. We will follow the accounting principles in this respect. But yes, there will be actually a scaling down of the valuation to bring it to our purchase price
- Agastya Dave:** Thank you very much, sir. That was what I was trying to figure out. And it was not very clear to me what exactly.
- Nilesh Ganjwala :** No. I think the intention is not to bloat the balance sheet. The intention is actually to keep it won't let it out.
- Agastya Dave:** Right. Sir, any pension liabilities, any off-balance sheet items, I am pretty sure you are onboarding many of the employees. Sir, how is that being handled?

Nilesh Ganjwala : We are issuing them fresh appointment letters and all their existing pension has been fully paid out in terms of funded. And we have exactly 0 carry forward pension liabilities.

Agastya Dave: And going forward, would you have to create any provisions for pensions?

Harsh Patel: Yes. So that will be part of our costs of the people that we acquire, take over rather.

Agastya Dave: And it will flow through the P&L?

Nilesh Ganjwala : Yes, that will flow through the P&L. Exactly.

Agastya Dave: As and when the activity levels pick up inside HLE Group?

Nilesh Ganjwala : No, actually, we are treating that.

Agastya Dave: From the funds?

Nilesh Ganjwala : No, nothing from the funds. We are treating that as a fresh cost for the services rendered.

Agastya Dave: Perfect, sir. And sir, finally, there was a question on need for CAPEX in this particular company. So in terms of the condition of the equipment of the manufacturing setup, how is that? And what kind of maintenance CAPEX would you require? And if you do try to expand, now that you have access to the technology, would you be doing the expansion in India and continue to use the brand? Or would you do it in Europe? And what kind of utilities and land do you have access to for future expansions?

Aalap Patel: So as Nileshbhai had earlier mentioned on this call, we are currently at quite a low capacity utilization.

Agastya Dave: Yes, sir, 50%. I heard that. So, I am just trying to figure out.

Aalap Patel: So there is really no CAPEX required from a capacity point of view. Also, from a quality of equipment perspective, the kind of equipment that they have are state-of-the-art. Many of the equipment are also brand new. We have state-of-the-art laser cutting lines for profile cutting of steel sections, for steel plates. There is also a fair bit of automation both in the metalworking and the glass lining parts of the business. So in terms of the quality of the assets, they are top-notch. And I would be hard-pressed to find a facility which is so well equipped in this space.

Agastya Dave: Great, sir. Then you have got a very good deal. Congratulations, sir.

Aalap Patel: Thank you. Thank you so much.

Agastya Dave: All the best, sir. And thank you very much for answering all the questions. Thank you.

Aalap Patel: Thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, this will be the last question. I now hand over the conference to the management for their closing comments.

Harsh Patel : Thank you, ladies and gentlemen.I take this opportunity to thank everyone for joining in on the call. I hope we have been able to address all your queries satisfactorily. In case you require any further details, you may please contact us or MUFG Intime IR.Thank you again.

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