November 13, 2023

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 for Q2 & H1 FY24

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 Earnings conference call held on November 8, 2023 regarding discussion on operational and financial performance for the Quarter and Half- Year ended September 30, 2023 (Q2 & H1 FY 2023-24).

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

THAKKAR ACHAL

ACHAL S. THAKKAR
Company Secretary &
Compliance Officer

"HLE Glascoat Limited

Q2 and H1 FY'24 Earnings Conference Call"

November 08, 2023

MANAGEMENT:	**MR. HIMANSHU PATEL – MANAGING DIRECTOR – HLE GLASCOAT LIMITED** **MR. AALAP PATEL – EXECUTIVE DIRECTOR – HLE GLASCOAT LIMITED** **MR. HARSH PATEL – EXECUTIVE DIRECTOR – HLE GLASCOAT LIMITED** **MR. NAVEEN KANDPAL – CHIEF FINANCIAL OFFICER – HLE GLASCOAT LIMITED** **MR. NILESH GANJWALA – SENIOR ADVISOR – HLE GLASCOAT LIMITED**
MODERATOR:	**MS. RONAK JAIN –ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY24 Earnings Conference Call of HLE Glasscoat Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ronak Jain from Orient Capital. Thank you and over to you, sir.

Ronak Jain: Good afternoon, everyone. Welcome to the Q2 and H1 FY24 Earnings Call of HLE Glasscoat Limited. Today on this call, we have Mr. Himanshu Patel, Managing Director along with the senior management team of the company. Before we begin the call, I would like to give a short disclaimer. This call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations as of today. Actual results may differ materially.

These statements are not the guarantee of future performance and involve risk and uncertainties that are difficult to predict. A detailed safe harbor statement is given on page number two of the company's investor presentation which has been uploaded on the stock exchange as well as the company's website.

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

Himanshu Patel: Thank you, Ronak. Good afternoon and a warm welcome to all the participants. Thank you for joining us today to discuss HLE Glascoat's performance for Q2 and H1 Financial Year 24.

Today on the call, we have Mr. Aalap Patel, Executive Director, Mr. Harsh Patel, Executive Director, Mr. Naveen Kandpal, CFO and Mr. Nilesh Ganjwala, Senior Advisor to the company as well as Orient Capital, our Investor Relations partner. I hope everyone has had an opportunity to go through our financial results and the investor presentation which has been uploaded on the stock exchange as well as on the company's website. We would like to provide you with an update on the developments during this period.

At the outset, we are excited to announce the completion of the acquisition of 35.56% ownership share in Kinam Engineering Industries, a renowned manufacturer specializing in heat exchangers. This acquisition aligns perfectly with our strategy to expand our product portfolio and incorporate new technology. Kinam boasts of a strong reputation as a leader in designing and manufacturing various types of heat exchangers, including shell and tube heat exchangers, corrugated tube heat exchangers, spiral heat exchangers, box type heat exchangers, pressure vessels and process equipment.

The client base includes prominent players in the chemical, petrochemical, fertilizer, refinery, power plant, pharmaceutical, biotech, cosmetics and textile sectors. As informed earlier, HLE Glascoat will eventually have a 70% controlling interest in Kinam. We believe this strategic acquisition will further solidify our position as an industry leader dedicated to producing innovative and specialized process equipment, bespoke solutions and cutting edge systems for the chemical processing industry.

A significant recent milestone includes the introduction of Thaletec products in India. Through Thaletec India, this initiative involves the integration of advanced innovative technologies from Thaletec Germany into HLE Glascoat's operations with the goal of expanding our product portfolio, reinforcing our local market presence and providing our customers with superior and first-of-its-kind offerings under the global Thaletec brand. Thaletec India has already commenced booking orders for the innovative product range in India, with deliveries scheduled in the coming quarters.

This expansion is set to bring enhanced value to our customers and strengthen our position in the glass-lined equipment market. The company's order book continues to remain strong. We expect that the robust order book will lead to increased execution in the coming quarters and will result in improved margins.

The current order book provides around five months visibility for our India business and a visibility of 9 to 10 months for the Thaletec Germany business. The business in the USA is also encouraging and has a strong order pipeline. This reaffirms our commitment to excellence and our ability to meet the evolving needs of our customers.

I will now request Mr. Naveen Kandpal, our CFO, to take you through the financial performance for the quarter and the half-year performance. Thank you. Over to Naveen.

Naveen Kandpal: Thank you, sir. Good afternoon to all the participants. The company has reported consolidated revenue of INR224 crores for the quarter ending 30th September 23 and EBITDA profit of INR30 crores in the same period.

Our filtration, drying, and other equipment segments contributed around INR100 crores compared to INR82 crores in Q2 FY23, representing a substantial growth of 22.2%. Meanwhile, our glass lined equipment business generated approximately INR122 crores compared to around INR130 crores, indicating a decline of roughly 7% year-on-year.

Our EBITDA reached around INR30 crores, reflecting a sequential increase of 25.1%. The EBITDA margin stood at 13.3% compared to 12.1% sequentially. In terms of profit, our pack amounted to approximately INR11 crores in Q2 FY24, marking a growth of approximately 17% sequentially.

The PAT margin stood at 4.8%. These financial results demonstrate our resilience and ability to navigate challenging market conditions. Now, I would request the moderator to kindly open the floor for questions and answers. Thank you.

Moderator: Thank you very much. Our first question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: My question is for the glass line division in the domestic market. Could you throw some light on what is happening in this division since the past couple of quarters? We are seeing a continuous pressure on the margins and also some outlook.

I understand the industry is there is some deferment of orders from the customer due to the business scenario. But on the margins front, we had first the problems with the steel prices, inventory losses. What happened actually in this quarter also, I think the raw material pressure has eased out, but still the margins are lower. Your thoughts, what has happened in the last six, eight months in the domestic glass line industry will be very helpful and some outlook going forward. Yes, that is my question.

Nilesh Ganjwala: Thank you for your question. I think you are right to say that yes, the domestic glass line business has had a bit of an adverse looking. And you are also right to point out that there has been certain deferment of orders from certain customers. So this deferment has adversely impacted the dispatches during this period, which is reflected in the top line. We do believe that this will pick up during the balanced quarter of the year, as has been the trend historically.

If you see our trend over the last several years, the second half of the year is substantially better compared to the first half. And we believe that we should be in a position to catch up, catch speed during the second half of the year. As far as the margins are concerned, I think the connected with the deferment of orders is also a certain pressure on the margins.

This is linked to two things. One is, of course, negotiation of prices. And more importantly, it is related to the scale of operations when the overheads are, of course, for the entire period. So it's basically the fixed costs, which have pulled down margins at the domestic level. So these are really the two main reasons why the domestic glassline business results look slightly adverse.

Dhaval Shah: So what is the utilization level for our domestic glassline business? And if you will, what was it in the previous quarter and also the previous quarter last year? Since there is a deferment of order, so we will be working on a lesser utilization, so more fixed costs to absorb. So if you can give that data?

Nilesh Ganjwala: So the glassline operations at domestic level last year for the same quarter were in the range of about 85%. In the last quarter, it was in the range of between 70% to 75%.

Dhaval Shah: 70% to 75%. Okay. So where do you think the margins are stabilized for us? Because we have seen 20%, up to 20% margin in this business. So you think we can go back to that number? Or how would it be?

Nilesh Ganjwala: I believe even at the time when we had reported 20 plus percent margins, we were quite clear that these are not long-term sustainable. We do believe that the long-term sustainable margins in this business are between 16% to 18% and that we still believe would be the long-term average.

Dhaval Shah: Domestic. This is domestic glassline, right?

Nilesh Ganjwala: Yes, we are talking about domestic glassline. That's correct.

Dhaval Shah: Correct. At the company level, what sort of margins can we work with?

Nilesh Ganjwala: So again, we believe the same margins can be expected from the filtration and drying business. The margins for the Thaletec Germany business is expected to be in the 14% to 15% range. And when I say margins, we are talking about EBITDA margins.

Dhaval Shah: EBITDA margins?

Nilesh Ganjwala: So those are the kind of margins that we expect to be our long-term average.

Dhaval Shah: Okay. And this the new acquisition, Kinam, for how many days was it?

Moderator: Sorry to interrupt. Mr. Shah, may we request you to return to the question queue for follow-up questions?

Ronak Jain: Sure.

Moderator: Thank you, sir. Our next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead.

Anupam Gupta: Hi, sir. Just continuing on the previous question. So even for the F&D business where you have seen Q-on-Q jump in revenues, margins do have contracted there as well. So if you can explain what's happening there. Is there, in terms of market position, is there a significant deterioration also versus, let's say, both in GLE and ANFD, whether you are getting squeezed from GMM and unorganized players in between? What is the play on in the market position for you, which is hurting the margins in a big way?

Nilesh Ganjwala: OK. So I think on the F&D side, we do not have any substantial competition from the company that you mentioned, because I don't think they are very serious players in that market. To compare margins, again, there is a slight lack of comparability between the two periods, simply because in the previous half year and full quarter, we had the commissioning of Silvassa unit, which was a Greenfield project, which was started in a commission in May 2022.

So the period, the first quarter and the second quarter of last year did not have the full scale-up of the Silvassa business, which is reflected in the cost for this particular period. So there is a slight margin adjustment only on that account. In terms of margins, we are currently in the 13.5% range, which for the year, we still believe will go up, simply because the second half always has been substantially better than the first half.

Anupam Gupta: Okay. And Q-on-Q, how do you explain the margin fall in the ANFD business, 15.2% falling to 13.5% or 13.9%, despite revenue being much higher, Q-on-Q?

Nilesh Ganjwala: I think this is predominantly a one-time hit on account of incentives and increments being paid out to the employees. So that is full year effect that has come into this. So if you see the predominant increase in that particular part is only on account of labor costs and employees.

Anupam Gupta: Okay. And it's…

Aalap Patel: So just to add to what Nilesh bhai has already said, there is also an adjustment of the minimum wages that has happened in Gujarat, that is also reflected in the cost.

Anupam Gupta: Okay. So the current level of employee costs should sustain or there will be a large one-time impact on this?

Nilesh Ganjwala: I think the current level of employee costs should sustain. I think the Q2 has a one-time cost, which is the adjustment for which covers the entire 12 months period.

Anupam Gupta: Okay. And in GLE are you seeing significantly higher competitive pressure as well, apart from deferment and everything, which people understand? But is there a competitive pressure as well from GMM and otherwise?

Nilesh Ganjwala: So again, as I said, in the filtration and drying space, we do not see competition from GMM. It is predominantly, we still continue to hold the predominant market share. So the order book, etc, even on the filtration and drying side is robust and continues to look good going forward. On the Glass line business, of course, yes, we do have competition from GMM. And I think the competition is quite intense in the market, yes. Just to supplement that, we do not have any new competitors of any serious nature in either of these product lines.

Anupam Gupta: And the sustainable range of margins that you mentioned, 16% to 18%, that ideally should be what? In a more normalized market, let's say, if FY'25 is that, if you see a revival, that's the level of margins which you foresee is what you meant there?

Nilesh Ganjwala: Yes, that would be a very fair assessment.

Anupam Gupta: Okay. Fine. That's all from my side.

Moderator: Thank you. Our next question is from the line of Miraj from Arihant Cap. Please go ahead.

Miraj: Yes. Thank you for taking my question. Sir, I wanted to understand that when I was looking at the order book, it seems somewhat muted and I just wanted to understand what kind of commentary are we receiving from our customers? Is it that the orders are being delayed or are there cancellations or are they just postponing their expenditures? That's my first question.

Harsh Patel: Thank you. I think the industry has to be, I mean, we cannot really classify it as one market. So I would respond with, in terms of different market segments that we have. So agrochemical industry is, I would say, largely muted or rather they are deferring orders and staying quiet right now. The niche pigments and those colors business have just about started picking up. So they are nowhere close to the levels that they were about a year ago. But, they have completely stopped making any investments. So some companies have now just started coming back.

The specialty chemicals right now looks like they are at a normal level. They are in fact doing good. And we are expect, I mean, experiencing reasonable order flows from them. And we expect the pharmaceutical industry, which was kind of, relatively speaking, slow over the last two years, is now picking up and we expect order flow from the pharmaceutical sector. So that's how we are seeing the market right now.

Miraj: So which was the second sector you said after agro, agrochem?

Harsh Patel: Colorants. So when I say colorants, it means dyes, pigments, food colors, everything that has to do with chemicals which finally eventually go into making colors, some kind of color.

Miraj: I understand. And, sir, the next question is regarding certain companies in the international market and some German specialty companies, they are expecting high energy costs and the demand is weak over there. That is what I got from the commentary. So has there been any delays in the decision-making process in the European region? If you could just highlight, give some color on that?

Aalap Patel: Yes. So the overall market situation in Germany is quite healthy. We continue to see not only a strong order book, but also quite a strong pipeline of inquiry. And again, even in Germany, the scenario is slightly different within the different subcategories of the market. So some segments are doing better than the others.

So again, even in Germany, we are seeing that both the order book and the inquiries from the pharma sector, as an example, is much better than, the agrochemical or specialty chemicals. But on an overall level, it's quite healthier.

Miraj: I understand. Got it. And, sir, just before I get back in the queue, if you could just tell me the composition of our raw material inputs, what we have?

Nilesh Ganjwala: So our main material of construction is, of course, metal. So we have stainless steel, we have carbon steel, and we have the exotic metals such as Hastelloy and so on. These would, between them, constitute close to about 60% to 70% of our raw material cost.

Miraj: Got it. Perfect. I'll get back in the queue. Thank you.

Moderator: Thank you. Our next question is from the line of Simar from Negen Capital Services. Please go ahead.

Simar: Yes. Hi. Thank you and good afternoon to everyone. Sir, could you please provide me insights into the current high level of inventory in our working capital and clarify whether such inventory buildup is a deliberate strategy? Additionally, if you could share the target inventory days that we are aiming for operations?

Nilesh Ganjwala: So the inventory should be looked at in two perspectives. One is, of course, as I said, we only manufacture based on orders. So when the order book is good, the inventory always goes up. So one is, it's a reflection of the order book that we have. Also, as we said, the second half of the year is always good from a dispatch perspective. And obviously, the manufacturing cycle has to accommodate the production required for dispatches in those two quarters. So that's one of the reasons why inventory is high.

The second more, the more, let's say, immediate reason is because in this financial period, we have consolidated the entire balance sheet of Kinam Engineering Industries. So the revenue of Kinam has been consolidated only from 26, September, which is only for a period of about four days or five days. Whereas, of course, the position of inventory is as at 30, September, which is the entire inventory of as on that day. And hence, the number of days is not actually an accurate reflection of the revenue or the operations.

Simar: All right. So these talking will happen. Okay, got it. So on the other aspect, I wanted to ask you the previous acquisition of Thaletec, its introduction in the Indian market. What has been the initial response and what are your plans for scaling up?

Aalap Patel: Yes. So it has been about two months to three months that we have actually introduced the Thaletec products in the Indian market. The initial response is quite encouraging. We have also not only just launched the product, but we have also now started booking confirmed order from our customers and as expected, the Thaletec product is a value-added and a high-value proposition product and it is being received as such. So things are going as far as the Thaletec India project is concerned, they are going quite well and as far as that.

Simar: Okay, got it. So with the introduction of Thaletec's revenue, you are planning to achieve better EBITDA margins as well. In the previous plan, as you mentioned, 16% to 18% is a sustainable margin going forward?

Aalap Patel: Yes, that's correct.

Simar: All right, sir. Thanks. That's it for all and I wish you a Happy Diwali.

Aalap Patel: Thank you so much.

Moderator: Thank you. Our next question is from the line of Aazeb Parbatani, from Omkara Capital Private Limited. Please go ahead.

Aazeb Parbatani: Hi. Just one question from my end. So previously, you had guided a revenue of around INR1,100 crores or INR1,150 crores. So I just wanted to know, what are the strategical plans that you try to do considering the December quarter is generally subdued and there's a slowdown in the chemical sector. Plus, what will the strategies would you adopt for like maintaining the margins of 15%, 16%, as you like mentioned initially?

Nilesh Ganjwala: So our historical experience has not been that the third quarter is subdued. We believe that the third quarter is a normal quarter and the last quarter obviously is a much better quarter. So our experience has been that the second half normally contributes between 55% and 60% of the revenues if you look at our historical performance.

So if you look at it from that perspective and also incorporate the revenue that will be added on account of the accounting for Kinam, I think we are on target.

Aazeb Parbatani: All right. And what about the margins?

Nilesh Ganjwala: So on the margins, as I said, normally when the revenues go up, fixed costs remaining the same, the impact on margins is pretty much automatic. So that happens again. Yes, it's a direct operating leverage.

Aazeb Parbatani: Okay. So just one more question. You had mentioned the raw materials mix like in the last few questions. So can you please repeat that again? I just missed it.

Nilesh Ganjwala: So our three, obviously our material of construction is metal. And the three types of metals that we predominantly use in our manufacture is stainless steel then we have carbon steel, which goes into the glass line products and we also have exotic metals, which goes into our specialized equipment.

Aazeb Parbatani: All right. Okay. Thank you so much. That's all from my side.

Moderator: Thank you. Our next question is from the line of Praveen Gramle from Ananya Research. Please go ahead.

Praveen Gramle: Yes, thanks for the opportunity. I have one quick question. The industry-wise revenue break-up ratio of 39% on API Pharma and Speciality Chemical of 42%. In the next one year to two years, do you continue to see the same break-up continue or is it going to be some change? Thanks.

Nilesh Ganjwala: I think as Mr. Harsh Patel mentioned earlier, there is always a little bit of a realignment of orders from different segments across quarters. We do believe that the share of pharma, the API pharma industry will increase as we go forward. Maybe about three years or four years back, the API pharma contributed up to 55% to 60% of our sales and order book.

Currently, it is closer to 40%. So this is an evolving situation that changes pretty much on quarter-on-quarter basis. But looking at the current API pharma as a percentage of the -- so maybe I can start to answer the question all over again. I think I was referring to Mr. Harsh Patel's response that the composition of the various industry segments in our order book is an evolving scenario and changes quarter-on-quarter.

Maybe about three years or four years back, the API pharma used to contribute between 55% and 60% of our sales and order book. Currently, it is closer to 40%. Looking at the current trends, we do believe that the API pharma will increase its share in the overall pie.

Praveen Gramle: Okay, that's it from my side. Thank you very much.

Moderator: Thank you. Next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: Yes, thanks for the opportunity again. My question is that, what is the price premium between Thaletec reactors and HLE reactors in the Indian market?

Moderator: Sorry to interrupt, sir. May I request you to use your handset, please?

Dhaval Shah: Yes, I would like to understand how do we position our Thaletec reactors versus the HLE Glascoat reactors. What will be the price premium we will be charging? And secondly, on the capex front, how much capex will we be doing for this year and the next year?

Aalap Patel: Yes, so I think, I'll answer the first question. So the Thaletec reactor, compared to the products that are currently…

Moderator: Sorry to interrupt, sir. We are unable to hear you, sir.

Aalap Patel: The current offerings in the market where the product is standardized, the Thaletec product is a very customized offering. So it's a highly value-added product. So unfortunately, there can't be a direct comparison of prices between the two products because they offer very different value. But in any case, if I were still to put a number, it could range anywhere between 10% to…

Management: Aalap, your voice is breaking a lot.

Aalap Patel: Yes, hi. Apologies. There seems to be some network issue. So I was saying, for the Thaletec reactor versus an HLE reactor, there can't really be a direct comparison. The current offerings in the glass lined equipment market in India are more standardized in nature, whereas the phthalate product offering is a highly customized solution and a value-added product. However, if you were still to put a number on it, it could range anywhere from a 10% to 40% size.

Dhaval Shah: 10% to 40%. So now, with our Thaletec portfolio, we are across the product range in the reactors. We are into SF also now, plus reactors from HLE and now the Thaletec. So this completes the entire offering of reactors for us? I mean, compared to any other company making reactors globally, does it complete the entire offering to the customer?

Nilesh Ganjwala: So I think we always had the full range of offering from a perspective of customer requirements. Thaletec actually adds a new innovative range, which nobody else offers currently. So we actually have an offering which is over and above what others in the market.

Dhaval Shah: Okay. And my other question was on the capex. If you could share the figure for next year, what is the expectation on the capex plan?

Naveen Kandpal: Yes. So on capex front, there are no new products planned. There will be a normal capex, which is going on. Other than that, nothing is planned as of now.

Dhaval Shah: Okay. So this year, we spend INR230 crores on purchase of plant and INR80 crores is towards the acquisition. So this INR230 crores will be incrementally how much further in the next six months?

Nilesh Ganjwala: Sorry, the INR230 crores is the value of 100% of the acquired company. So the INR225 crores is the value of 100% of the acquired company. And that is what is reflected in the overall numbers. And the minority interest or the interest of the non-HLE shareholders is reflected in the minority interest on the other side. So the total cost of the acquisition has so far been INR80 crores for 35.56%.

Dhaval Shah: INR80 crores. Okay. So now INR230 crores is shown as purchase of property, plant and equipment. So how much more will you be spending in the next year?

Nilesh Ganjwala: So there is no further expenditure on the actual purchase of plant and machinery. However, we will be investing another INR77.5 crores to acquire the balance 34.44% to take our stake up to 70% in Kinam. Now INR77.5 crores is going to be by way of an issue of shares to the erstwhile promoters of Kinam. So there is no cash outflow on that account.

Dhaval Shah: Okay. And how will you get and how will the price at which will be issued?

Nilesh Ganjwala: So there is a valuation that is being carried out for that purpose. And that is something that will be approved by the by both the parties in accordance with the agreed term. And that will also get reflected in the scheme of arrangement, which we propose to take to NCLT.

Dhaval Shah: Okay. So now cash outflow towards Kinam is now all to be all by share. There is no…

Nilesh Ganjwala: That is absolutely correct. That's correct. That is correct.

Dhaval Shah: Okay. And the capex now, so in FY '25 next year, what is the capex plan?

Nilesh Ganjwala: So as Mr. Kandpal said, we do not have any major capex projects on hand currently. There will only be the normal maintenance capex, which is in the range of INR8 crores to INR10 crores every year.

Dhaval Shah: Got it, significant cash flow can be used for debt repayment then next year?

Nilesh Ganjwala: That's correct.

Dhaval Shah: Okay. Thank you.

Moderator: Thank you. Our next question is from the line of Shyam Maheshwari from AB Capital. Please go ahead.

Shyam Maheshwari: Yes, sir. I had just had a couple of questions on mainly on understanding the product. So when you say, Thaletec is a more premium product, what are some of these characteristics that defines it to be a more premium product? I mean, I just want you to understand some of the properties which you feel that this product can do an edge ?

Aalap Patel: Yes. So if you typically look at what is expected out of a reactor in a chemical plant, the expectation is that the reaction that is intended to be carried out should happen in the most efficient manner. And when you look at a typical glass-lined equipment, there are a few challenges which are universal to this kind of a product. So heat transfer, for example, is one challenge. So a typical glass-lined reactor offers poor heat transfer compared to an equivalent metal reactor. Mixing is usually a challenge because you can't have very complex agitators made in glass-lined construction. So mixing is usually poor.

And all of these factors lead to poorer performance in a glass-lined reactor compared to, let's say, an exotic metal reactor. So while this has been a norm that has been accepted in the industry, the solutions provided by Thaletec really challenge this norm and provide superior heat transfer or mixing performance compared to any other glass-lined reactor in the market. So effectively what it means is that you see a reduction in batch time, you see a reduction in the cost of utilities, etc. So when I say that it's a value-added product, it directly leads to a lowering of operational costs for our customers.

Shyam Maheshwari: Understood. Very helpful. My second question is kind of a continuation to this. So in a way, when we are offering these products to our customers, do we pitch, a Thaletec product over our own GLE product? In a way, are we cannibalizing sales here or is this kind of opening up new opportunities for us?

Aalap Patel: So I think most of the features in the Thaletec product are actually unrivaled. So not only does HLE not have those solutions, but these solutions are simply, in most cases, not available to an Indian customer. So it really doesn't cannibalize on the HLE market. It simply opens up newer opportunities.

Shyam Maheshwari: And these, probably these reactors were already imported, is that so?

Aalap Patel: No. These will be manufactured in India.

Shyam Maheshwari: Okay. Got it. Thank you.

Moderator: Thank you. Our next question is from the line of Miraj from Arihant Capital. Please go ahead.

Miraj: Hi. Thank you for taking my question again. Sir, we recently got a strategic investor by reducing some promoter stakes. So just wanted to understand if there are any other ,any more plans to reduce for the stake or this is it? Are we going to maintain it here?

Nilesh Ganjwala: I don't think the intent was ever to reduce the stake. I think the promoters continue to hold a very healthy stake in the company and will continue to do so. The only intention was to bring in a high quality investor in the shareholder list. And I think that is really what we achieved by doing that transaction. So that was really the only, what should I say, goal or ambition of doing the transaction.

Miraj: Understood. And yes, that's it for my side for now. So I'll just get back in the queue.

Moderator: Thank you. Ladies and gentlemen, that was the last question of our question-and-answer session. I would now like to hand the conference over to Mr. Aalap Patel for closing comments. Over to you, sir.

Aalap Patel: Thank you all the participants for taking part in this earnings call. I would also like to thank the members of the company for your time. Thank you so much, everyone.

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.