



TEMBO
Powering Ahead

To,
The Manager – Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
India
ISIN-INE869Y01010/ SYMBOL- TEMBO

Dear Sir/Madam,

Sub: Submission of transcript of the earnings conference call held on Monday, August 18,2025

In continuation of our letter dated 18th August 2025 informing about the audio link of the earnings conference call and pursuant to Regulation 30 of Securities exchange board of India(LODR)Regulations,2015,

The company is hereby submitting the transcript of earning conference call of analyst/investor conference call which was held on Monday, August 18, 2025 to discuss unaudited financial results of the company for the quarter ended June 30,2025.

We request you to kindly note the same and take into your records.

Thanking you.

For Tembo Global Industries Limited

Sanjay Jashbhai Patel
Managing Director
DIN: 01958033
Mumbai
Date:20-08-2025

Tembo Global Industries Ltd.

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Tembo Global Industries Limited
Q1 FY 2026
August 18, 2025

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Tembo Global Industries 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

At this time, I would like to hand the conference over to Mr. Hiral Keniya. Thank you and over to you, sir.

Hiral Keniya: Thank you, Dhawan. Good evening, everyone. On behalf of Tembo Global Industries Limited, I welcome you all to the company's Q1 FY '26 earnings con call.

To discuss the performance of the company, we have with us from the management team Mr. Sanjay Patel, Managing Director; Mr. Shabbir Merchant, Director; and Finance Team.

Before we proceed with this call, I would like to draw your attention to the fact that today's discussion may contain forward-looking statements that are subject to various risks, uncertainties, and other factors which will be beyond management's control. We kindly request that you bear in mind that there may be uncertainties when interpreting such statements.

We now start the session with the opening remarks from the management team. Afterwards, we will open the floor for an interactive Q&A session. I will now hand over the conference call to Mr. Shabbir Merchant for his opening remarks. Thank you and over to you, sir.

Shabbir Merchant: Thanks, Hiral. Good evening to one and all present on the call. I extend my heartfelt gratitude to each of you for joining us today for our maiden earnings call.

Before we delve into our financial results and performance metrics, I would like to take a few moments to provide an overview of Tembo Global Industries and our business model for the benefit of all the participants.

Founded in 2010, Tembo Global Industries Limited has emerged as one of the leading engineering companies, recognized for high-quality specialized metal products designed for a wide variety of applications. Our unwavering commitment to excellence and innovation has established us as a trusted partner across several critical sectors, including automotive, real estate, infrastructure, and oil and gas.

Our diverse engineering product offerings include specialized metal solutions such as pipe support systems, fasteners, anchors and HVAC solutions. These products are meticulously crafted to meet the specific requirements of our clients, ensuring we deliver not only quality but also reliability and performance. In addition to our engineering prowess, we operate a dedicated textile division that processes and supplies high-quality fibers and yarns. Further diversifying our business portfolio while our textile division has historically contributed to our profitability over the past five years, however, our prime focus remains on margins, accurate precision engineering products with our foray into APC projects and solar power and defense projects.

Quality is the cornerstone of our operations at Tembo. We adhere to the highest standards as evidenced by our UL and FM approvals, which are the highlight of the global recognition of our product quality and safety. Our production facilities are certified under ISO 9001-2015, ensuring compliance with rigorous quality management system standards. This dedication to quality not only enhances customer confidence but also bolsters our brand reputation in both domestic and international markets.

Tembo has established a strong international presence, exporting to key markets in the USA and the Middle East, while maintaining a robust customer base that includes prominent domestic and international clients. Our integrated manufacturing capabilities are a significant asset. With a production capacity of 15,000 metric tonnes per annum to both forward and backward integration, we have realized substantial cost saving and increased profitability.

Currently, we are undertaking a capital expenditure initiative aimed at expanding our capacity six-fold, targeting an impressive 90,000 metric tonnes per annum, which we expect to commission by the end of Q2 FY '26, which will go along in a phased manner. This expansion will not only enhance our product capabilities but also enable us to effectively meet the growing demands of our clients. Tembo is well positioned as a success partner in government and infrastructure projects.

Thanks to our consistent quality, timely delivery and advanced manufacturing capabilities, our commitment to sustained development and water resource management is reflected in these contracts. We anticipate our EPC business will gain traction, supported by strong revenue visibility across both domestic and export markets.

Highlighting updates on our key projects:-

The Maldives Jetty project, in collaboration with Tembo Pes Joint Venture Private Limited, is nearing completion in Q2 FY '26. We are also proud to contribute to India's irrigation infrastructure through several key projects, including subcontracting work for a prestigious World Bank-funded water treatment plant in the northern India.

In the solar power sector, we have secured a power purchase agreement with Maharashtra State Electricity Distribution Company Limited, MSEDCCL, for 120 megawatts solar power projects. This commissioning is expected by the end of FY '26 alongside a 25-year PPA from the completion date. I am happy to share that we have recently concluded a financial closure of around Rs. 600 crore, with additional loans for solar SPVs are under review. For SPVs, we have successfully acquired land for 10 out of 30 sites, positioning as well for future renewable energy development.

We have strategically expanded into the defense sector as well. Marking our entry into this key industry in FY '25, this move reflects our adaptability to market demand and our pursuit of new growth avenues. We have signed an MOU, Memorandum of Understanding, with the Government of Maharashtra at the World Economic Forum in Davos for a defense product manufacturing unit. This involves a substantial investment of Rs. 1,000 crore over the next three years.

We have established a technology tie-up and a 100% production buy-back arrangement with a strategic European partner. Also, we have received a comfort letter for 100 acres of land from MIDC at Amravati near Nagpur, Maharashtra. This would be used for manufacturing of arms and ammunition. This land acquisition for our defense projects is ongoing and the subsidy claims discussion with the Maharashtra Government is likely to happen in the coming weeks.

We are committed to achieve complete forward integration in these areas, which promises excellent profitability, margins, and value creation for all our stakeholders. Going ahead, our strategic diversification across multiple verticals is expected to enhance our profitability with a visible order book of around Rs. 1,315 crore and L1 order bidding for orders in a pipeline of around Rs. 2,000 crore as on June 30, 2025.

Additionally, our strategic partnership with MASAHA has identified the opportunities in solar and defense, thereby further strengthening our presence in Gulf countries. The Indian Government's initiative including infrastructure, finance and Vision Plan 2030 aim to enhance private investments in infrastructure and transform India into a manufacturing hub.

Total exports for FY '25 are projected at \$820 billion, driven by sectors such as pharmaceuticals, electronics, and engineering goods. This is much of a macro scenario, what I am speaking about right now.

The defense manufacturing industry is poised for significant growth due to rising national security concerns, with a target of around Rs. 300,000 crore, approximately around Rs. 35 billion by FY '29. Meanwhile, India's renewable energy sector is rapidly expanding, achieving a compound annual growth of around 19% from FY '16 to FY '25, with a total of 220 gigawatts of renewable capacity primarily from solar energy. The commitment to net zero carbon emissions by 2070 further emphasizes the importance of renewable sources in meeting the country's growing energy demand.

Now to Tembo, highlighting Tembo's five-year growth trajectory during FY '21 to FY '25.

The company's revenue, EBITDA and PAT has registered a robust growth of 63.3%, 86.8%, and 115.8%, respectively. Owing to higher investments in the sunrise sectors like engineering, EPC, solar, defense, has temporarily kept the cash flows and the working capital under check. The current board composition is among the strongest ones Tembo has ever had, enabling Tembo to new heights. Our dedication to fostering growth and providing value to our stakeholders remains unwavering as we adapt to changing dynamics of the industry.

Now, I would like to highlight and speak about the financials of Q1 FY '26.

Tembo Global Industries has delivered impressive financial results for Q1 FY '26, showcasing significant growth across key performance metrics. Revenue for the quarter surged by 93.2% year-on-year, reaching around Rs. 248 crore. This remarkable increase was attributed to robust growth in both our engineering and textile divisions, reflecting our strategic focus on enhancing our product offerings and expanding our market presence.

Our EBITDA experienced a substantial rise, increasing by 2.4 times year-on-year to Rs. 28 crore. This growth is a direct result of our prudent emphasis on margin-accuracy engineering business initiatives. Notably, our EBITDA margin expanded by 485 basis points year-on-year to 11.4% in Q1 FY '26, driven by operational efficiencies and improved margins within our engineering and EPC segments.

Now coming to the PAT, Profit After Tax, also saw some exceptional growth, climbing by 252.6% year-on-year to around Rs. 19 crore. The PAT margin expanded by 346 basis points year-on-year to 7.7% during the quarter, underscoring our effective cost management strategies and the successful execution of our business model.

Our order book remains strong, with nearly Rs. 1,350 crore as on June 30, 2025. Complemented by an L1 order bidding pipeline valued at around Rs. 2,000 crore, we have identified a significant EPC-designated project worth around Rs. 600 crore, for which we have secured an order of Rs. 24 crore in the June quarter, with an additional Rs. 50 crore currently under negotiation.

The company is optimistic about capturing a substantial portion of this Rs. 600 crore project, aiming for completion by March 31, 2026. Furthermore, we have submitted bids for various projects, including international opportunities, totaling approximately Rs. 800 crore, which align with our strategy to diversify our portfolio and strengthen our market presence.

Gentlemen, we will now open the floor for questions and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Nalin Shah from NVS Brokerage Private Limited. Please go ahead.

Kriti Tripathi: Okay. Sir, myself Kriti Tripathi from NVS Brokerage. Sir, first of all, I would like to congratulate the management for the strong Q1 performance. These numbers clearly show that the company is going for a robust growth journey in the coming years. And as mentioned in the investor presentation, the FY '26 top line is predicted at around Rs. 1,100 crore. So, just by a rough math, can we expect a PAT of Rs. 110 to Rs. 125 crore for FY '26? This would be my first question. Moving forward, with contributions from the defense and solar segments coming in from the next financial year, how do you see the top line and bottom line shaping up for the FY '27 and beyond? This would be my second question, sir.

Shabbir Merchant: Thank you for congratulating us. First and foremost, your first question is related to what you are expecting the top line to be in the year FY '25-'26, right?

Kriti Tripathi: Correct.

Shabbir Merchant: Okay. So the top line would be, if you see our growth trajectory from the last five years, we have been growing at roughly between the range of 25% and 35%, quarter-on-quarter, year-on-year. So, we always prefer to let everyone be pleasantly surprised. So, definitely the numbers that you are talking about would be in line. The growth trajectory is in line. We look at PAT which you are speaking about right now in the range of Rs. 80 crore to Rs. 100 crore for FY '26 as per our growth trajectory, which is already in line.

Second question what you have asked is that once these divisions of solar and defense come in play, what would we be looking at the revenue, which we would see, from FY '26-27, right?

Kriti Tripathi: Yes.

Shabbir Merchant: Okay. So, FY '26-27, we see again a growth of around 30% to 35%. So, you can see in a range of around Rs. 1400 crore to Rs. 1500 crore, I rather let the Street be surprised. And we are looking at a PAT of around Rs. 200 crore plus.

Kriti Tripathi: Rs. 200 crore plus?

Shabbir Merchant: Yes.

Kriti Tripathi: Okay. And sir, see, as we know that you have made significant investments for the defense segment, so can you provide some details on this, like what the value creation upside would be, pertaining to defense specifically?

Shabbir Merchant: Sorry? I could not hear you in between.

Kriti Tripathi: Yes, I just wanted to ask that, as you said, in the next three years you will be making investments in the defense segment of around Rs. 1,000 crore, right?

Shabbir Merchant: Right.

Kriti Tripathi: So Sir, pertaining to this segment, what kind of wealth creation can we expect? And why this is a focus area? Like, how will this look like in future?

Shabbir Merchant: So, first and foremost, you can term it as defense. For me, it is manufacturing of precision products, right? So, our expertise are always driven by our core fundamentals. So, our core fundamentals were always towards manufacturing and we have been evolving ourselves in manufacturing. Defense, of course, becomes a restricted product so it requires more precision. So, wealth creation would be, we would be having assets on book of more than Rs. 700 crore of assets on book in the first phase. And then we would be increasing our expansion of around Rs. 300 crore to Rs. 350 crore in the next two years, that is in the phase two. Revenue wise, the revenue is going to give us around Rs. 300 crore plus revenues in the first phase of expansion. And in the second phase of expansion, we look at revenues of around Rs. 650 crore plus.

Kriti Tripathi: Okay, that's great, sir. Thank you. That's it from my side, sir.

Shabbir Merchant: Thank you.

Moderator: Thank you. The next question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Yes. So, first of all, many congratulations for a great set of numbers. So, just wanted to understand first up, I mean, in this defense you mentioned first phase will be around Rs. 300 crore revenue potential and second leg of expansion would be Rs. 650 crore plus kind of a revenue potential. That's right?

Shabbir Merchant: Yes, Deepak.

Deepak Poddar: So, by when we expect this Phase 1 to start giving revenue? I mean, when will we start seeing the revenue from defense segment, by when?

Shabbir Merchant: So, from the first quarter of FY '26 we see the revenue coming in from the defense sector.

Deepak Poddar: First quarter of FY '27?

Shabbir Merchant: No. Sorry. My bad. First quarter of FY '27 we see the revenue coming in the defense sector. We will have certain revenue coming in from FY '26 as well, but it will not be to the extent of Rs. 300 crore because it would be roughly between Rs. 100 crore to Rs. 150 crore what we expect. It would start from Q2 of FY '26 and that would result to year ending of FY '26. One minute, please understand what I am saying again. FY '26 is only related to engineering and EPC. FY '26-'27, we will have solar and defense in our revenue structure. So, first year of FY '26-'27, till the last quarter we expect around Rs. 250 crore to Rs. 300 crore of revenue coming in.

Deepak Poddar: In FY '27?

Shabbir Merchant: Right. Between FY '26 and FY '27. And the expansion will happen after one and a half year of revenue that is coming. That will be in a phased manner where we will include more products in the defense sector for which also we will have a buyback, but we cannot put all our investments on day one so we would be again expanding. And this will go up for the next three years up to FY '30. So, what we project the revenues for FY '30 is around Rs. 1,000 crore in defense.

Deepak Poddar: Okay, FY '30 Rs. 1,000 crore in defense we can envisage, okay. But in FY '26, did we say any revenue we can see in defense?

Shabbir Merchant: See, we have just got allocated the land. And the machinery and all has been in place. So, we would try to get it in FY '26, but it could get spilled over to FY '26-'27.

Deepak Poddar: Okay. So major revenue will come in FY '27 only and that is to the extent of Rs. 250 crore that we are targeting defense revenue from FY '27?

Shabbir Merchant: Rs. 250 crore to Rs. 300 crore.

Deepak Poddar: Rs. 250 crore to 300 crore, that's pure defense, right? I mean, the solar is separate?

Shabbir Merchant: Yes. And this is a complete buyback agreement.

Deepak Poddar: Okay, understood. And what sort of margins we can see in this segment? I mean, at Rs. 250 crore, Rs. 300 crore, what sort of PAT margin we can see in defense?

Shabbir Merchant: Around Rs. 88 crore, 25% to 27%.

Deepak Poddar: 25% to 27%, so around Rs. 85 crore to Rs. 90 crore at Rs. 250 crore to Rs. 300 crore revenue.

Shabbir Merchant: Yes.

Deepak Poddar: So, when we say Rs. 200 crore plus PAT in FY '27, and this year we are targeting Rs. 80 crore to Rs. 100 crore PAT, that's what you mentioned for FY '26?

Shabbir Merchant: Yes, as I mentioned earlier.

Deepak Poddar: So, out of this Rs. 200 crore, around Rs. 85 crore we are expecting to come from defense only, right?

Shabbir Merchant: Next year we are planning Rs. 200 crore plus of PAT. So, defense would have around Rs. 80 crore to 85 crore, then there is solar as well, and then there is your engineering and EPC segment which comes in.

Deepak Poddar: Okay, that's very clear. And when we have said or given an outlook of Rs. 1,000 crore to Rs. 1,100 crore kind of a top line for this year, so we have included contribution from this Rs. 600 crore EPC designated project that we have secured some order and we expect to execute by FY '26 end?

Shabbir Merchant: Yes. It's an ongoing project, definitely the revenues will come.

Deepak Poddar: And what sort of margin this project might have?

Shabbir Merchant: If we can take these questions offline please.

Deepak Poddar: Okay, sure. And just one final thing from my side, in terms of order pipeline, can you throw some more light on the order pipeline? As you said our L1 bidding pipeline is about Rs. 2,000 crore, so what is our total pipeline we have in terms of bidding? And what sort of conversion ratio we have?

Shabbir Merchant: So we are looking at around 50% to 60% of conversion ratio and there are certain projects which we have bidded abroad, and we already have got an indication that we are L1 technically in that. So, you would be hearing a lot of things in near future.

Deepak Poddar: Sure, sure. Okay, I got it. I would like to wish you all the very best. Thank you so much.

Shabbir Merchant: Thank you so much, Deepak.

Moderator: Thank you. Our next question is from the line of Darshil Pandya from Finterest Capital.

Darshil Pandya: Hello, Shabbir sir. And congratulations again for this very fantastic set of numbers and coming for the first time for a call.

Shabbir Merchant: Thank you.

Darshil Pandya: Sir, my first question would be in the context of the debt position that we have currently around Rs. 260 crore odd. I wanted to understand what will be this debt position for this financial year? And how much are we going to take it for defense and solar? And if any for the EPC work?

Shabbir Merchant: So, I will ask my finance team to answer this.

Nitin Tiwari: Yes. So, for solar and defense projects, we are raising the debt of around Rs. 550 crore to Rs. 600 crore.

Nitin Tiwari: So, actually we will try to maintain the gearing ratio of 2:1 around, which is acceptable as per the industry norms and acceptable at the banking levels also, finance levels.

Darshil Pandya: Correct. So, how much have we invested till date in solar and defense altogether?

Nitin Tiwari: So, in solar, we have already invested around Rs. 100 crore. And we have already, as informed by Shabbir sir, we have already done the financial closure in both the debt and equity side.

Darshil Pandya: And for defense, you didn't mention.

Nitin Tiwari: So, yes, for defense we have not yet done much expenses. So, all the expenses are lined up and keep on going. So, as informed by the management that the land acquisition is in process, the subsidy portion is in discussion with the government. So, all these things are in line.

Darshil Pandya: Correct. Got your point. And I heard Shabbir Sir talking about defense and how our investments will be coming back in the business over time, my views are on the solar part. I get it, to transition from textile to EPC we have got a good call. And then to get into defense, that was also a very good call. But I wanted to have a view of Shabbir Sir on this, on the solar part where we are going to invest a lot of money and the payback period is quite a long, 9 to 10 years as per what projections we are seeing, every year Rs. 60 crore, Rs. 70 crore of revenues will be coming in. So, wanted your views that, how are we financing and how are we thinking about this project?

Shabbir Merchant: So, I will first give you a kind of insight that for us doing EPC, see, what helps us is that we used to first manufacture everything what was going in EPC. So, we do the designing, we do the compliances, we do the submittals, we do all our engineering, team does complete drawing and gives an efficient model how to do the EPC. This led us to go ahead in EPC. And even for solar EPC we anyways are doing in-house. So, our cost effectiveness is much lower than the market, which we have a model and we are working on that. That is one part of the question.

So, that gives us efficiency and productivity towards that particular model. So, we took this as our own project and sending it to the government. Of course, I understand there is a portion of finance involved in this. But we have done our math, we have seen the projections, we have seen the revenue generation, we have seen the maintenance which we require year on year,

and the subsidy which comes along with it. After doing all the math and the debt portion and all the profitability, we are placed at a much better position than what the market can expect. And just eventually you will come to know in the next three to four years of what revenue generation and how it comes out.

And we also have converted into three SPVs of 40-40-40. So, the idea of converting into three SPVs is also to generate more revenue. Also, this will help us to get into much larger scales when we want to spin off and getting into a better cash model as well.

Darshil Pandya: Got your point, Shabbir Sir. If we can take these calculations offline, it would be really nice.

Shabbir Merchant: You can connect with my finance team anytime.

Darshil Pandya: Alright sir. That's all I had. I will fall back in the queue and thank you so much for taking my questions.

Shabbir Merchant: You can connect with E&Y and they will guide you.

Darshil Pandya: Done. Thank you so much.

Shabbir Merchant: Thank you. Have a good day.

Darshil Pandya: You too, Sir.

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

Pratham Agarwal: Congratulations, Sir, on a great set of numbers. Sir, we have seen a strong revenue and PAT growth, but our operating cash flows are negative with a major sum stuck in receivables and working capital. So, sir, how is the company managing this situation and what steps are being taken to improve cash flows going forward?

Shabbir Merchant: Dear, my finance team will answer this.

Nitin Tiwari: So, basically the negative cash flow has been observed in the financial year 2024-2025 at the operational level. So, one must observe that we have tried to build up the infrastructure for our working capital and a lot of the investment has been done to support our EPC and engineering divisions. And also, our committed equity flow to our SPVs and all, solar and defense companies. For that, you have observed a 2024-2025 negative cash flow.

Pratham Agarwal: So Sir, going forward, can we see an improvement in our operating cash flows like with each passing year, with defense business coming online and our operating cash flow being positive?

Shabbir Merchant: See, all these investments are made and all these expansions are made with an idea to generate revenues and generate higher profitability. So, of course, when there is cash surplus, all these negative cash flows are going to be convert in to a brighter side which will come out.

Pratham Agarwal: Okay. So, my next question is, like we said we will be raising more debt to fund our CapEx for the defense and our solar business. So, apart from that, do we have any plans to raise further equity?

Shabbir Merchant: We are closing in a preferential round. There is a board meeting scheduled tomorrow where we are closing in. And I think this full equity expansion would be towards working capital and defense.

Pratham Agarwal: Okay. Great to know that. Thank you, Sir.

Shabbir Merchant: Thank you.

Moderator: Our next question is from the line of Dinesh Kulkarni from Finsight. Please go ahead.

Dinesh Kulkarni: Thank you for giving me the opportunity. And a really great set of numbers Sir, congratulations on that. Sir my question is more on the strategic aspects. As we know, textile is more of a cyclical industry with low growth and high competition that we all know. But my question is more of a capital allocation perspective, are we looking at any moves here where we could divest our textile business and move into larger, high growth industries like defense and others? Because anyways, we are raising almost Rs. 500 crore to Rs. 600 crore, right?

Shabbir Merchant: Sir, what's your good name?

Dinesh Kulkarni: Dinesh.

Shabbir Merchant: Good evening. Dinesh, so textile is a legacy business which when we started this was carried on. Now, as an entrepreneur, as a business or as a promoter of the company, we would always like to take up any business which gives you an additional margin and additional profitability and additional growth, right? So, the idea of expanding into EPC and defense, defense for me is manufacturing as well and solar is to definitely get into growth. So, we would really be concentrating on these sectors. And over the time, textile will get plateaued and probably this would come down over the time quarter on quarter, which will be very visible to everyone. And in a phased manner, it would be phased out.

Dinesh Kulkarni: Okay. That sounds great, Sir. Thanks for giving that explanation. Henceforth, in the next two to three years, we seem very planned in terms of where our CapEx is going on. How much kind of you have given revenue targets as well which is very optimistic. How do you see things two years from now, more in the long term? Are there any newer opportunities you are looking into to expand the existing facilities and the industry?

Shabbir Merchant: So, what we have understood is, by getting into the engineering and EPC business what we have understood is that there is a large void for the middle level players. There are projects which are all Rs. 5,000 crore, Rs. 10,000 crore perhaps, you and me both know the names, which are already bidding for contracts and they are getting that. Also, these particular top line contracts, all the players want the second line people to deliver on time. So, there is a wide void. So, there is an opportunity to grow which we are seeing in a very short term.

In the last two years we have seen, having order book and having L1 in Rs. 2,000 crore plus of projects is the very reason for this void where we saw an opportunity and we are handling all these opportunities with a very professional team, with a very professional approach and we are focusing on deliverance. Because deliverance is one thing which makes your order rolling. So, this is the very reason how you can see the growth.

Also, when you speak about solar or you speak about defense, these two sectors as well are also sunshine. At the moment, they are the sunshine sectors. For us, it is not something which is just an apple which has fallen off the tree, it is a well-planned thing. From the last two years we have very much planned these sectors. And if you see defense, we are starting off with very, very few products where our capability of manufacturing would really get into a basket of products. Even solar, only not the PPA model, we were also getting into EPC model as well.

So, these are all things which have a growth structure and eventually you will see the revenue. That's how we are pretty sure on committing to whatever we speak as numbers and whatever we say that these are the numbers we are projecting, we will try to pleasantly surprise everyone.

Dinesh Kulkarni: Thank you very much and all the best.

Shabbir Merchant: Thank you.

Moderator: Thank you. Our next question comes from the line of Sunil Kateshiya from Tanush Investments. Please go ahead.

Sunil Kateshiya: Congratulations to the management on the good set of number, Sir. I wanted to ask you, the defense project which we are talking about, we are yet to acquire land also which is allotted by the Government of Maharashtra. And as you mentioned that the revenue will start flowing by this financial year end, so how confident we are?

Shabbir Merchant: Next financial year.

Sunil Kateshiya: Next financial year 2027?

Shabbir Merchant: 2026-2027.

Sunil Kateshiya: 2026-2027 the revenue will start, right?

Shabbir Merchant: Yes.

Sunil Kateshiya: Okay. So, how confident we are that all the installation and everything which we will roll out within one year of time, obviously, already half year has been passed out, right?

Shabbir Merchant: No problem. So, I will make you understand. This particular project requires high end machinery, right? The machineries have been ordered. Any defense project, there is a particular formula where you have to leave land, okay. So, even if the land which is allocated for 100 acres, your actual project would be in around 1 to 2 acres broad area. There is a complete technology transfer for this where my team will be handling training in the European counterpart. The European counterpart would come down and also stay over here and train our team. So, this whole period of installing the manufacturing facility and executing and delivering the product would be roughly between a gap of six to eight months. But I am being more conservative and I am saying from the next financial year these results will come.

Sunil Kateshiya: Okay. Great Sir. So, one more question now arising is that, what kind of JV or particular we are doing for the technology which we are going to get it?

Shabbir Merchant: There is no JV. There is only technology transfer.

Sunil Kateshiya: Okay, so we are buying out the technology.

Shabbir Merchant: Yes.

Sunil Kateshiya: That's great. One more question regarding new facility which is coming up for EPC work, the engineering that we are doing six-fold capacity expansion, ERW pipes and the channels. So, the solar panel which we are going to install, the renewable energy, I am sure we will be using our own product as far as pipes are concerned for installation of solar panels, right?

Shabbir Merchant: Yes, that's the idea. And also a lot of products which we are currently manufacturing also are being used in our EPC.

Moderator: Sorry, may we request you to please return to the queue for follow-up questions? Thank you. Our next question comes from the line of Rajesh Singla from VTT Capital Services. Please go ahead.

Rajesh Singla: Yes. Hi. Thank you for the opportunity. Just a couple of questions. One would be, if you can talk about the debt equity ratio currently we have. And also, how do you see this debt increasing going forward? If I remember correctly, you had mentioned about raising Rs. 550 crore to Rs. 600 crore kind of debt for financing your solar and defense units. So, if you can comment a bit more on that, the debt equity ratios, and how are we going to manage this kind of debt going

forward? Considering the projections which you are sharing, it looks like the debt equity ratio could increase to 2 or maybe 3 times by FY '27. So, first question is that.

And second question would be, if you can share some insights into your capability in solar and defense, considering that we do not have much experience in both the sectors in the past. So, if you can share some insight into what kind of team you are having in both the segments, that will be helpful.

Shabbir Merchant: Rajesh, I will answer the second question first. And the first question my finance team will answer. So, when you speak about capabilities of the defense sector, right, that's what you speak, right?

Rajesh Singla: Yes.

Shabbir Merchant: So, for us, any product is manufacturing a product in steel, right? So, we are already into manufacturing. And my father has 40 plus years of experience in manufacturing. We have been manufacturing a lot of products and we are innovating, we are going forward, backward integration into manufacturing these engineering goods. If we manufacture defense products, that also requires engineering and it requires those sophisticated machineries which are programmed and based.

So, this is something where manufacturing is very much in our blood and it does not seem to be much more of an effort. Of course, every manufacturing of a new product has to be learned well, executed well. And this is what we are doing. That's the reason our team will also be undergoing a particular training program and their team also will come down to India and train us so that the right product comes out with the best of quality.

So, coming up on the capabilities in solar, we have been doing the complete design and engineering of all EPC projects. For any infrastructure project or anything, you give us a blueprint and we can design. We have an engineering team which does the design, the BIM library and stands on our solid works. We get a complete plan and idea about how to execute things. Even we create a model which shows an efficient model. We are putting in the loads and everything. So, this is something which is our core and we do, and we are pretty confident that we can execute all these projects in the right way with the right capabilities.

Now, coming back to the first question, my finance team will answer.

Nitin Tiwari: So, currently our gearing ratio is around 1:1. And we have the plan of further raise of equity through preferential issue for our defense project and working capital, as mentioned by Shabbir Sir earlier. We have a plan of raising the debt of around Rs. 500 crore to Rs. 600 crore for our solar and defense project. With all these equity infusion and the further debt raising, our gearing ratio will not go beyond 2:1.

Rajesh Singla: Okay. Thank you, Sir.

Shabbir Merchant: Thank you.

Moderator: Thank you. The next question comes from Sachin Choudhary from NMM. Please go ahead. Sachin, your line has been unmuted. You may proceed with your question.

Sachin Choudhary: Yes, sir. Very congratulations to the team of Tembo Global for a great set of year-on-year numbers. I am an individual investor, so I have only a few questions. One of them is that, it was already discussed but if you can throw some more light on. In the last year the receivables jumped very high, so can the management throw some light on that? And in the coming quarters and years, how we are going to manage these receivables because it is piling up?

Shabbir Merchant: So, coming on to the receivables that jumped in that. So, we must also observe that our engineering sales have also gone up. And basically, all these sales have been backed by the LC and long-term, from 60 to 90 days of credit involved in that till the time of deliverables and executions and all handovers of the projects. So, that is why there is a jump in the trade receivables in this financial year 2024-'25.

Sachin Choudhary: And Sir, going forward, how is it going to be?

Shabbir Merchant: See, it will be in the same range. It will be in the same range only.

Sachin Choudhary: Alright. Thank you for answering this question. I have one more question. Did we already start getting the orders from the defense sector? Whatever we are going to manufacture for the defense, like in advance, do we have some orders?

Shabbir Merchant: We have a complete buyback agreement.

Sachin Choudhary: Alright. Yes. All clear. Thank you for answering my question. Thank you. That's it.

Moderator: Thank you. Our next question is from the line of Revant Shah from SBI Life. Please go ahead. Revant Shah, your line has been unmuted. You may proceed with your question. The current participant seems to have dropped from the queue. Our next question comes from the line of Chandrasekhar, an individual investor. Please go ahead.

Chandrasekhar: Hi, Sir. Good evening. Congratulations on a good set of numbers. My question is regarding PAT margin. So, in Q1 we have like 60% as textile and remaining from EPC. So, going forward, as per the projections, the ratios are going to be other way around. EPC is going to be much more than textile. So, can we expect PAT margin expansion going forward from 7.7% to 10%, something like that?

Shabbir Merchant: Yes, we can expect, but in a slow and steady manner. Till the end of this year we are trying to achieve all that margin we are talking about.

Chandrasekhar: And another question is, given the huge order book and huge aspiration, so whatever 1100 –

Shabbir Merchant: You are not audible.

Chandrasekhar: I mean, based on the current order book and huge aspirations for achievement, so whatever Rs. 1,100 crore guidance you are providing for Financial Year '26, is it very conservative or this is the maximum we can achieve this year?

Shabbir Merchant: Numbers have been given always as conservative.

Chandrasekhar: Okay. So, we can expect more then?

Shabbir Merchant: Yes.

Chandrasekhar: Okay. Thank you. That answers my question.

Shabbir Merchant: Thank you.

Moderator: Thank you. Our next question comes from the line of Nutan B, an individual investor. Please go ahead.

Nutan B.: Yes, my first question is about the textile. Like Shabbir sir mentioned, it's a legacy business, but you also mentioned that you would eventually be phasing it out. But in one of the investor presentations you mentioned that you would also be setting up an in-house manufacturing unit. So, how would you reconcile this statement?

Shabbir Merchant: So, when we say we are going to phase it out, we would split it out of Tembo. And this is a managerial decision which eventually you will come to know in months to come.

Nutan B.: Alright. And your finance team just mentioned there has been no investment pertaining to defense. But you are saying the order for the machinery have been placed. So, there is no investment made and the order is already placed? That is contradictory.

Shabbir Merchant: We are already doing a preferential issue round. We are closing on a pref. And we have given a timeline. Because machineries also when they are ordered, they are not ready. So, it is all made to order machineries, so that also takes its time. So, we have invested. We have given certain advances. We have invested. But not to an extent of solar.

Nutan B.: Okay, I agree. But the finance team just mentioned there was no CapEx or expenses.

Shabbir Merchant: No, no. He mentioned this that there is investment made in solar and defense. Solar is yet to be made on a higher end because that is almost on execution. Defense, the machineries have already been ordered. There are certain advances and all which have been done. And for that, all these machineries are made to order. So, once this completion comes. And as I said, this is a complete technology transfer, so these are all made to order machineries with highly sophisticated machineries.

Nutan B.: I get it. Without any advances, I don't think the orders would come, I just wanted clarity.

Shabbir Merchant: Yes, I just understand. Definitely.

Nutan B.: And another thing is, our order wins does not specifically mention the client name. I mean, I understand there are confidential clauses or agreements pertaining to different products.

Shabbir Merchant: So, there is a lot of competition in this space. And also, we usually have certain NDAs signed. Because the primary client does not want to show that they have given their order to someone else. So, that's the reason we try to keep it as confidential as possible.

Nutan B.: I get it. Another thing is Northern India Water Treatment Plant, the value is Rs. 1,500 crore. But I mean, the entire value is being executed by Tembo?

Shabbir Merchant: As we mentioned over here, we are trying to secure as much as the order in that particular thing. So, we expect in the range of at least one-third to two-thirds of that order. So, it's an ongoing order which keeps on coming. As the drawings come in, it keeps on coming. Drawing by the main client, as it comes in.

Moderator: Thank you. That was the last question for today's call. On behalf of Tembo Global Industries Limited, that concludes this conference. Thank you for joining us. And in case of any further queries, please reach out to Tembo's investor relations team at E&Y. You may now disconnect your lines.