Management Discussion

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Hello.

Operator - Operator
Yes, sir, we can, we can start with the Management opening comments.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes, you want to want us to run through the presentation or we'll directly jump to the financial discussion?

Operator - Operator
Sir, if you don't want to run the presentation, you can give a brief overview of the performance and then we can move into the Q&A.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Okay, so can you move to the slide where we have mentioned the financial data?

Operator - Operator
Yes, sir. Yes, the financial performance highlights is there.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah. So for the main highlights of the financial performance, the revenue has gone by 50%, uh, compared to last, uh, financial first half. This year we have, uh, our revenue has grown by 50%. Then EBITDA is also, uh, you see the growth in a similar, similar way. Net profit has improved drastically. Margins more or less remain same as compared to the last year, little bit improvement. Net profit has also improved with the growth in the sales and overall efficiency in managing the working capital.

The inventory days has come, come down To a large extent, we have tried, tried to improve the working capital cycle and resulted into the working capital days has come down to, as compared to last year same period. Overall, seeing at the financials for this second half, we witness a reasonable growth compared to the last year. And as of now, we are having orders worth, say, around INR50 crores which are to be executed in this current financial year. As of now, we have booked revenue till date is around INR37 crore. So considering this, we are aligned to achieve the financial growth which we are projected, or we can say 30% to 35% growth which we are targeting to achieve. This financial year. This is the main financial highlights. Um, anything, uh, other than this? Uh, the, um, Kamlesh, can you move to next slide where we have planned for this CapEx and expansion?

Operator - Operator
Yes, sir.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
So, uh, we have successfully completed the expansion of, uh, uh, Tarega plant in terms of construction of building. Now the machines, uh, setting up the machines and equipment is in process that will complete in say another 1 or 2 months' time, uh, and that plant will become fully operational. Uh, other than this, uh, for this, uh, Amber plant also we have, uh, improved the facility which is required for setting up the Uh, planned our production for, uh, uh, Vertu. Uh, the machines

which we are planning, that we already the critical machines which we are looking for, that we received yesterday and installation is in progress.

And at the plant, we also received the laser cut machine, which was also a critical, uh, machines which was required for the efficiency improvement or some approvals. That has also received and it is under installations. And we feel that in next 1 or 2 weeks all these machines will become operational, and that will give us additional support to for next financial year, the growth which we are projecting or which we are targeting. This is from our side, and anything specific if you want to discuss, we can discuss.

Questions & Answers

Operator - Operator
Sure, sir. I will open the floor for Q&A then. [Operator Instructions] W e'll take the first question from the line of Ayush Agarwal. Ayush, you can go ahead please.

Ayush Agarwal - Analyst
Good afternoon, sir, and thanks for the opportunity. I hope I'm audible.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah, yeah, you are.

Ayush Agarwal - Analyst
Okay, great, sir. So, sir, first question that I want to understand is that, you know, the progress on the CapEx that we are doing for Vertiv? Have we ordered equipment? Have we, you know, created a separate clean room? One small clean room we had, but we wanted to expand that and, you know, grow that as well and create different sections for all of the different processes. So where is that in place and how much have we progressed?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, in terms of the clean room, it is not a clean room, dust-free area that they are required. So entire Taregaon plant is under this process, and almost we have completed. Just only the ventilation systems which we need to install, that is in progress, or that may be completed in another 1 or 2 weeks' time. Other than this, we have shifted entire production to the existing production from this Ambada plant to Taregaon plant. We have did the basic infrastructure improvement like epoxy coating, cleaning, painting, then plumbing requirement, then gas bank provisions, and all these things that we already completed.

We have received in terms of machines, the critical machine which is ultrasonic cleaning, which received yesterday, and the installation of that machine will be started from tomorrow, and it may get settled in, say, another 1 week's time. Other than this, the machines which required for enhancement in the capacity, already we have placed the orders to the suppliers, and we expect these machines to be on the shop floor in another month's time. Say, by December end, we'll be Ready for the production.

Ayush Agarwal - Analyst
So entire amber plate then will then be converted for vertif.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes, already that is half a week late [Foreign Speech] We are getting it ready.

Ayush Agarwal - Analyst
Got it. [Foreign Speech]

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
It was already we have discussed in that way that we will be able to manufacture around two hundred sets at this plant and with little bit another improvement we can increase it to another hundred sets and like that

Ayush Agarwal - Analyst
So 300 sets per month capacity now

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Will be be ready by December and maximum January will be ready for 40 sets.

Ayush Agarwal - Analyst
So sir, second question that I want to ask, that you know, for this interior capacity and everything, how much have we spend till now.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
So exactly I am not able to tell you the figure, but around, uh, say we can say around, uh, 5 or 6 crores we have already spent on this, uh, CapEx. Let me check exact figures in this books.

Ayush Agarwal - Analyst
And roughly how much would be left?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
That, that might be committed or maybe paid, either way.

Ayush Agarwal - Analyst
Okay. And sir, third and final question before I come back in the queue is that Where exactly we are in the process of getting fully, you know, approved with sampling and everything done from Vertiv and given the new facility and everything?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Samples, samples already approved. Samples are already approved. The, the what they suggested in the quality visag audit, the things which is required, that is ultrasonic cleaning machines, which we have received and we have given call to them. After 23rd, they can anytime visit and inspect.

Ayush Agarwal - Analyst
But given we are putting up new facility and everything, they might want to you know check new samples from the new production facility and everything.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
No, we are not changing any process.

Ayush Agarwal - Analyst
No. [Foreign Speech]

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Okay. We are not changing process. Process is same as earlier. If they say there are some changes from their side in their drawings. Of course, f or that, they might ask us to again submit the sample of that particular drawings of particular parts.

Ayush Agarwal - Analyst
Of course, of course. Okay, so in a way we will be kind of ready by Q4. We should be start, you know, bidding for orders and everything with them.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes, by end of the Q4 we'll be able to, or we are expecting earlier to that, but by say we by Q4 we'll be ready for them.

Ayush Agarwal - Analyst
Got it, got it. I'll come back in the Q4. Thank you, and this is like really good work and update.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Thank you then.

Operator - Operator
We'll take the next question from the line of Vidant Narola. Mr. Vidant, you can unmute and go ahead, please.

Vidhan Narola - Analyst
Yes, I had a question on the work orders. So like back in on the last con call, you had mentioned that you had received some like sample orders worth 10-20 lakhs, and it has been validated in the Indian plant, but it has been sent for a global quality check. So has that been approved?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, that has been approved verbally. They are communicated us that that the samples are physically the samples are approved. But the what I earlier explained the VSEC compliances which for which we have purchased that machines. So prior to compliance of that, they are not going to give us the what I can say written confirmation and flow of the orders.

Vidhan Narola - Analyst
Okay, and my second question would be that like right now like when it comes to the CD, we're seeing lots of design changes from our team side. So how does that affect the product pipeline which we are making?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
No, no, which the series which they have shared with us right now [Foreign Speech] they have confirmed that these are the final drawings and there might not be change much change with that. [Foreign Speech] that is not that critical, there might be some changes in sizes or there might be some changes in the positions of the collars or joints.

Vidhan Narola - Analyst
Okay. And my last question --

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Within the given setup, it is possible.

Vidhan Narola - Analyst
Okay. And my last question would be that like once the inspection is done on 23rd, which you are state which you stated like no, no, it is not on 23rd.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
We have we given them a mail or that saying we will be ready by 23rd. So they need to confirm the date when they are going to come. It is not planned on 23rd. We from our side, we are doing the meeting.

Vidhan Narola - Analyst
Okay, but once that happens and everything hopefully is like approved, like you expect the order inflows to be better like earlier than Q4?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes.

Vidhan Narola - Analyst
Okay, thank you. That's all.

Operator - Operator
Thank you. [Operator Instructions] The next question comes from Rohit. Please go ahead.

Rohit - Analyst
Yeah, hello, am I audible? Hello?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah, yeah, yes. Okay,

Rohit - Analyst
Okay, thank you for giving me the opportunity and congratulations to the entire team for delivering such strong results in H1. From whatever soft commitments you have got from Vertiv or any other data center players, what could be your expectation Let's say for next full year, assuming that the production starts from the, you know, April 27th, how much this data center business can add to our current top line?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
I'll say for full operational year next financial year, it, we expect conservatively, we expect around at least INR50 crores will be added from this vertical.

Rohit - Analyst
INR50 crores.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes.

Rohit - Analyst
Okay. And what kind of EBITDA margins are we targeting? I'm assuming these are export orders and

directly we are supplying to Vartiv, so obviously there would be some addition, uh, addition to our current margins.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, there will be see, we expect EBITDA to improve, say, by another 2% to 3% in next financial year

Rohit - Analyst
From the last full year EBITDA margin, full year.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes, yes, last full year.

Rohit - Analyst
Okay, the working capital cycle, anything on that? It will, it improve and will you need more funds? Because INR50 crore is a big big addition to our current topline.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, working capital we already had lineup for, say we are negotiating. And again, they, they, they from their side also, they have some tie-up with financial institutions where we can get this bills discounted.

Rohit - Analyst
Okay, that answers my question. Thank you so much and all the very best.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Thank you.

Operator - Operator
Thank you, Rohit. We'll take the next question from the line of Chirag Shah. Chirag, you can unmute your call, please.

Chirag Shah - Analyst
Hello, am I audible?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah.

Chirag Shah - Analyst
Yeah, sir. I'm a bit new to the company, so apologies if I'm repeating some of the questions. See, question one, sir, what is the actual constraint for you to grow? Is it the land available is the main constraint, or it is working capital which is the main constraint, assuming everything is in place? Because for the land size that you have? A nd second, and the another question is generally what is the time you require to, right from getting the order till supplying it or moving out of your factory, what is the general time? And if it varies from product to product, please indicate that. How do we look at it?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, If you ask me in terms of growth, uh, considering the past history, so what you have said is not aligned, or with what we can say, that land is not the constraint. Earlier we were mainly in the

business of customized equipment supply, which takes a lot of time and energy, and scaling up of this activity is a challenge. So strategically, since you are new to this discussion, I feel you are not aware of earlier discussion also, so I'll Brief, in short, so over the period of last 2 years, we have systematically putting efforts to mobilize more standard type of business. That is why the Webertyu or Hitachi or other customers are we are aligning with our business growth. And where once we start working with them, then the business growth will automatically reflected in our financials. So land or requirement of infrastructure was the limitations earlier also, and a little bit, uh, till the time because of the customized productions. Now we have abundant of land which we can develop, but it is not that way without having any backup or without any having plan we can construct and move ahead with the productions. So gradually we are going ahead with this is Because our, our second plant is having 13 acres of land, out of which we are hardly using one-third of land. So that was not the limitations. Only thing is that we need to align the requirements of the customers on the customized basis. Now, from last one or two years, we are trying to balance the portfolio by customized as well as standard boilers.

Chirag Shah - Analyst
Okay. And generally, what is the time frame to execute the order once you get it to move out.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
We have two, three type of products. See, the CDU which we are discussing, it is a new product line we developed over the period of, say, 1.5 years. So in this case, the orders we need to deliver on the weekly or monthly basis once it started. Another order, heat exchangers we are supplying to the engine manufacturers which we need to supply on the monthly basis. And other than this, there are OEM and EPC-based customers. So in case of typically in case of OEMs, it is around, say, one month to three months. And in case of EPC project, it range from, say, three months to six months or eight months.

Chirag Shah - Analyst
Okay, so basically depend, uh, in case of an EPC project, your factory space gets, gets blocked for three to six months for a single project, correct?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
That is not -- it is not always correct because see, real actual manufacturing time is more or less two to three months. But this drawing approval, then getting the material, that inspection of material by this particular agency or the customer or their end user, that takes time. And stage-wise inspections also are constrained. So that, that is the main time-taking activity. So if you ask me, in case of EPC or project-based orders, Um, real, in, in terms of real manufacturing, actual manufacturing time is say three to four months.

Chirag Shah - Analyst
And similarly, actual manufacturing time in case of OEM and CDU would be how much? Actual manufacture, I know the supply is the, you talk about supply schedule, but the manufacturing time that you need is what?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, in case of CDU or in case of engine-based equipment, it is a say three to four weeks is the manufacturing time, end to end manufacturing.

Chirag Shah - Analyst
[Foreign Speech] three to four weeks.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
[Foreign Speech] and in case of OEM it is set around at two to 10 weeks.

Chirag Shah - Analyst
Okay, and how can you shorten this time sir? Is it possible?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Over, I am not saying immediately, but say I upgrading our manufacturing capabilities at Trilayagao plant where we are adding laser cut machines which will, uh, see, reduce my time of processing. See, currently we are using some machines and some manual process. So the three process which we do separately, that can be carried out in a single machines. So that is, that is the way we are doing. Again, we are adding some SPMs. So where we are depending on the persons to do the activity, we, where we will have that SPMs where Uh, dependency on the manual work will be get reduced and it will improve the efficiency as well as it gives me ability to operate 24 hours.

Chirag Shah - Analyst
Okay. And sir, in the past you have mentioned that margin will see an uptake subject to the volatility of raw materials. So can you elaborate on that? Is it a fixed price contract that you have, or how does it work given the time, given the long sequencing of manufacturing that you indicated? So how come -- so if you can just elaborate a bit more about it.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
In case of the schedule-based order, which we have said that we are supplying to the engine manufacturers, or for example the CDU kind of things, so there the prices are fixed and reviewed on the quarterly basis. And whatever the impact have in last quarter will be passed on in next quarter. So if, if the prices are prices goes down, next, next quarter we need to reduce the prices. If the material prices goes up, we'll ask for the increase in price. That way it works in case of the schedule-based orders.

And in case of the customized order, or when we bid for the order or submit the offer and get the order, so it is like that. Once we submit the quote, we get the orders here within month's time. So during this month's time, if there is a drastic change in material, we may ask. But in that case, the price which we offer initially, that remains the same for the period of the 6 months. But what we do Once we get the order, we immediately book for the material. But sometime it happens the engineering clearance or the manufacturing clearance may take time, and during that period if the price goes up, we don't have any scope to renegotiate. But it is a rare case, so we generally we keep little bit margin for this kind of volatility.

Chirag Shah - Analyst
Okay, so you on the scheduled delivery you said that you take around a month's time to make make it, but price revisions are quarterly, on a so that is what you indicated.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
So it is not that every new order that you get there is a new -- these are the standard products which is fixed by once we fix the price, they give the schedules. If the material prices go it is not practically feasible for the customer also, for us also to go and ask for every time for the price rate.

Chirag Shah - Analyst
Okay, I was trying to understand the so in case of price in this scenario.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
In case of increase of price, it will get postponed to next quarter. In case of decrease of price, it will also get postponed to next quarter.

Chirag Shah - Analyst
So over a period of time, it nullifies. Fair point.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
That's correct.

Chirag Shah - Analyst
And sir, you also indicated in the past that you are supplying components and not necessarily the entire unit, like be it heat exchanger or condenser, etc. Is it true for all the companies, or it was more restricted to Vertiv?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
No, we are not supplying heat exchanger, we are supplying the pipe assembly which is required for CDU, correct? So they are using the heat exchangers and they are sourcing it from somebody else. They may come to us for the heat exchangers also, and if they come to us, or we are trying, rather we are trying, but before rolling out the particular product, it is not advisable for anybody to go for another product. So we are trying to roll out this product And then we'll go for other parts.

Chirag Shah - Analyst
Okay. And one last question, I'll come back in the queue. So generally, uh, who are the repeat customers for you? Because you have mentioned quite a big quality names. And generally, how frequently customers compressor manufacturers which are in our list, all are repeat customers.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
They are Frequently repeating every every month we so or quarter we have orders for example Burkhard compressions there are one or two orders always there on the production IR they are floating or issuing the orders every month so their production always whenever you come to the shop floor you can see that we have some product manufacturing for IR some product are manufactured for Atlas Copco some products are manufactured for Kirloskar Kirloskar Oil Engines, Pneumatics [Foreign Speech] Burckhardt Compression, Siemens is also there. So that, that way it is and few customers which are that for the for example [Foreign Speech] National Compressor Canada, they started this year but we have now three orders, another is in pipeline.

Chirag Shah - Analyst
Who would be your competitors? This is the last question from my side. In generally, whom would you consider your competitors.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Generally, if you ask so then Patel Airtime or we can say Loyal Equipments.

Chirag Shah - Analyst
Any unlisted space? [Foreign Speech] Unlisted players listed [Foreign Speech].

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
We are aware but unlisted players there are say [Foreign Speech] Enpro is there. They are sometimes competing with us. Then there are three to four small players who are competing sometimes with us.

Chirag Shah - Analyst
Okay, great. Thank you very much. I'll come back for more questions.

Operator - Operator
We'll take the next question from the line of Takshita Mishra. Takshita, you can unmute and go ahead, please.

Takshita Mishra - Analyst
Afternoon, sir. Thank you for the opportunity. So what are the current utilization levels at the Ambad and Taliga facilities each? And post-expansion, what revenue can the existing manufacturing infrastructure support without requiring significant additional capex?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, as I said, Ambad facility we have completely vacated for this new setup of productions of that for that CDU piping requirement. So as of now, the capacity utilization is zero, but with this, this capacity can generate a revenue of 100 crores or more than that.

Takshita Mishra - Analyst
Okay, sir. And what revenue contribution can the data center cooling segment potentially make over the next 2 to 3 years? And also, are margins in the segment structurally different from our conventional heat exchanger and pressure vessel business?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, margin difference in heat exchangers also, there are some products which we are working on right now, so that also improve our margin. But what I can say, currently the heat exchangers margin, and if you consider this CDU piping requirement or CDU piping assembly, it is at a little bit better margin than other traditional products.

Takshita Mishra - Analyst
Okay, sir. And our EBITDA has grown by 49.1%, and it has broadly grown in line with our revenue, indicating that operating margins have remained stable. So as the company scales up production and benefits from operating leverage, is there scope for our EBITDA margins to improve beyond the current 11.9% level? And also, so what, what would be the key operational levers that could drive such improvement?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, there is definitely, there is a scope of improvement and that we are targeting also. So that in the initial stage also I explained that we expect another 2% to 3% improvement in the EBITDA margin in from next financial year onward. So, uh, in this case, see, we are now majority productions is on the customer side where automation or machine-based operations are not that way feasible. Whereas in the case of the CDU piping or piping pipe assembly, and again we are auto trying to semi-automize or automate the some processes in the existing plant also at Raigaon. So that will give us an advantage and that will help us to improve the margins.

Takshita Mishra - Analyst
Okay, sir, thank you for taking my questions and all the best.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes, thank you.

Operator - Operator
Thank you. We'll take the next question from the line of Diya Jain. Diya, you can unmute and go ahead, please.

Diya Jain - Analyst
Sir, thanks. Thank you for the opportunity. So we have INR50 crores of orders under execution, but what is our current order pipeline that we expect to convert into confirmed orders?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, that is the ongoing process which where we are exact figures I am not able to share. But generally it happens that we have another, say, INR80 crores to INR100 crores offer submitted or offers under discussions with the prospective customers.

Diya Jain - Analyst
Okay, sir. And we have this new order in for supply of air trim cooler. So can you elaborate a little more on that?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Which one?

Diya Jain - Analyst
The air,

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
That is from BlueTech.

Diya Jain - Analyst
Okay, and when do we that is --

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
That is the export order which we are required specialized material, that is titanium. So that is the another opportunity once we start our supply, the titanium, uh, heat exchangers or equipments. It will use another advantage to us because there are very limited players who are manufacturing titanium equipments.

Diya Jain - Analyst
So is this going to be a repeat business for us or is this just a one-time order?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
No, it is going to repeat but this is not standard business.

Diya Jain - Analyst
So this is custom, right?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
So the construction of metal is titanium. [Foreign Speech] we need to use titanium metal.

Diya Jain - Analyst
Okay, sir. And what sort of revenues and margins can we expect for FY 28 and FY29?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
2028-20 29.

Diya Jain - Analyst
Hello. Yes, sir.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
For next financial year you are asking?

Diya Jain - Analyst
Yes, yes.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
So that we expecting EBITDA improvement in that financial year. [Foreign Speech] between 2% to 3% improvement we are expecting and growth we are expecting 35% to 40% double of growth expect [Foreign Speech].

Diya Jain - Analyst
And any targets for FY29?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
We expect to continue the seen next to next year, but we are targeting that we will at least grow by 30% for next five years, 30% to 35%. Our target is to grow at the CAGR of 30% for next five years.

Diya Jain - Analyst
Okay, so thank you so much. I'll get back in the queue.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah.

Operator - Operator
We'll take the next question from the line of Neha Sharma. Neha, you can unmute and go, please.

Neha Sharma - Analyst
Sir, thank you for the opportunity. I wanted to understand, is the company looking to increase its presence in international markets through OEM relationships and exports? And what are the key markets being targeted? And what challenges does the management foresee in competing with established international manufacturers?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, we are already targeting the international market. We are basically start targeting the Europe and US market. The supplier just we discussed, that Titanium Heat Exchangers, it is from Italy. So there are some customers or OEMs are visiting our plants, or visited our plants, or some are visiting our plants in coming years for the Uploading their manufacturing to us or sourcing the metal from

us. Already we have are in in this line. So Hitachi is also one of the customer for the export which we are in the in the process and it will be recognized. One two again we are supplying to USA. Then New Tech is from Italy. Uh, National Compressor from Canada. These are the export, uh, clients, and we see, uh, down the line growth in that export market or export business.

Neha Sharma - Analyst
Okay, sir, I also wanted to understand, considering the Ambad facility has exclusively allocated to the VOTIF project, is the current engagement limited to the Gallery C DU product, or are there opportunities to manufacture for additional CDU models and related cooling infrastructure components?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
We have Valerie CDU is the prototype right now. They are also in the process, but other are that other than this, other than this two, two series for which we already submitted the product for them.

Neha Sharma - Analyst
Okay, sir, thank you so much.

Operator - Operator
Yes. Thank you. We'll take the next question from the line of Ishpreet Kaur. Ishpreet, you can unmute and go ahead, please.

Ishpreet Kaur - Analyst
Hi, I just want to understand your product arrangement that is there for Hitachi.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
For Hitachi, we are manufacturing the air receivers. These are the special vessels.

Ishpreet Kaur - Analyst
And this would be from the Talegaon facility?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
This will be from Telangana. And it will be once it is settled, settled, it is a schedule-based requirement.

Ishpreet Kaur - Analyst
Air receiver, you said?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Air receiver tank. That is, in technical term, it is called as the pressurizers.

Ishpreet Kaur - Analyst
Okay. And what is the end use of these products?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
These are used in compressors. They manufacture huge compressors, and for that they require this.

Ishpreet Kaur - Analyst
Sure. The supply of these products has already started?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
No, it is a prepack order, trial order, which we have completed. They are under the process of validating the documentation and all this thing. They have changed there are some changes in engineering from their side also, and these all these equipment are CRM certified. So any change in the engineering need to be get validated by CRM. So that is in the process.

Ishpreet Kaur - Analyst
Okay. And how big a revenue potential can be from this customer?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
We expect in next financial year, full operational year, we expect anywhere between INR25 crores to INR30 crores from this Hitachi business.

Ishpreet Kaur - Analyst
In FY28?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
In FY28.

Ishpreet Kaur - Analyst
And the CDO that you were mentioning around INR50 crores could be the potential, that also could be done in FY28?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
That is for I'm talking for FY28 only. That is INR50 crores potential. Not potential potential is for more than INR50 crores, but bare minimum we will targeting to achieve INR50 crores.

Ishpreet Kaur - Analyst
So like you were mentioning, the Ambad facility can do somewhere around INR100-odd crores now , correct potential. And how about the Talegaon facility?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Talegaon facility, we have abundant of land available over there if you want to add another workshop or practice shed, we can add it over there. There we have potential to grow up to say INR200 crores also, or more than that, INR200 crores to INR300 crores also in that scenario, uh, based on the product line which you are, uh, trying to set. If we settle down with Hitachi-like product, it has a huge potential to grow.

Ishpreet Kaur - Analyst
Okay, and INR200 to INR300 crores.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
In Amber plant also, if there are some modifications which we need to do for which some capex may require. With that, we will able, able to double the capacity at Amber also down the line in one or two years.

Ishpreet Kaur - Analyst
So that can also be stretched till INR200 crores, you're saying?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah , sure.

Ishpreet Kaur - Analyst
The INR200 crores to INR300 crores Talegaon you mentioned, for that all the capex is already done?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, this the fund we what we did when we recently raised the funds, which the purpose For upgrading the Torega plant as well as the setting up the facility for CDU or piping manufacturing facility at Amber. So that all these facilities are sufficient for or to achieve the revenue of INR300 to INR400 crores.

Ishpreet Kaur - Analyst
Sure. Okay, great. Thank you so much.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah.

Operator - Operator
We'll take the next question from the line of Chirag Shah. Chirag, you can unmute and go ahead, please.

Chirag Shah - Analyst
Thank you for the opportunity, sir. Actually, I had a question on Hitachi. So it seems to be taking longer than time for this validation trial to happen than our initial expectation. So can you just share, sir, what changes have happened from their side and what changes they asked us to do?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, their equipments are now they need the certification of for all, all world requirement certification. They require, require CE PD for Europe. They required U-Stamp for USA and Asia or OPEC countries. They need a CRN for Canadian provinces. All Canadian provinces there are seven provinces in Canada which need approval of the drawings. In this scenario, what happened earlier, they given the orders, then they will put it on hold for some period, then it has started. Now there are some minor changes which are operation during the operations identified, and these are get needed, that these modifications are needed in the drawings. And these drawings, they are now seeking, asking or seeking approval from the Canadian provinces. And that is taking time and that way Hitachi the European USA people are taking their leisure time to respond and resolve or communicate that is the issue. o unless all these approval you can't start supplies they can't take they can't supply to Europe they can't that is the reason we are not that aggressive on them because we targeted that [Foreign Speech] order sign okay, but I what I am asking is if you are approved for Europe they can they they can source it for Europe at least right [Foreign Speech]

Chirag Shah - Analyst
[Foreign Speech]

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
[Foreign Speech]

Chirag Shah - Analyst
Would the same issues can crop up in Verteve also in terms of approval? Because, or it is more US specific, so the time requirement is lower, or?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
No, these these are these are different requirement. These are the vessel pressure vessels.

Chirag Shah - Analyst
Pressure vessel requirement.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
For that these are different guidance. And again the data center development is coming up in the Asia specific region. And African region so [Foreign Speech] only time taking process is the Canadian approvals.

Chirag Shah - Analyst
Okay, so virtually [Foreign Speech] we will not face this kind of unnecessary deal approval deal [Foreign Speech].

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
[Foreign Speech] because the component is all put together different so they they their their approvals they take at their end.

Chirag Shah - Analyst
And what is the latest communication from Hitachi with respect to approvals falling in place? [Foreign Speech] Any update coming from them that [Foreign Speech].

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
They were given -- in this scenario they have given some changes which we have already communicated or we have in the process of getting it validated from CRN. So CRN generally CRN people take six months time to approve or modify anything, that is the problem.

Chirag Shah - Analyst
So the approval has to be taken by us, it is, and not Hitachi on behalf of us?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
We have to take the approval for which they have already paid to us.

Chirag Shah - Analyst
Okay, so it is not Hitachi who is taking approval, it is we who have to take approval.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Okay, we are taking the approvals.

Chirag Shah - Analyst
Yeah, okay, great. So Hitachi is a very exceptional or an odd case which is not a normal approval cycle.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Fair point. See, that way now we are manufacturing for natural compressor Canada also, but they

are based in Canada, so they are taking care of all these things from their end. Hitachi is based in USA, so they don't want to go and take the headache of getting the approvals.

Chirag Shah - Analyst
Okay, sir, any other entity under approval process, or that can come on, that can come under approval process for us, any new, any new corporate, if you could share some name, it would be great.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, there are many people right now visiting our plant, our facilities, and it is now at the premature stage to disclose the names and all these things. Okay, considering the business confidential and all these things.

Chirag Shah - Analyst
Okay, correct. Thank you. Thank you very much.

Operator - Operator
Yeah, thank you. We'll take the follow-up question from Mr. Vidhan Narola. Mr. Vidhan, you can unmute and go ahead, please.

Vidhan Narola - Analyst
I had one more question. So like, when we had the audit facility check back in June or July, um, this would be, I think, our second audit facility check with all the equipments which you mentioned. You ordered the ultrasonic machinery. So like, what could be some of the challenges that could be incurred from Vertiv side, whether they, they need new certifications or requirements which could lengthen the process of the validation of the product going forward?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yes. See, I don't see right now other than the which political issue [Foreign Speech] because now government is changed or see not changed but there are some changes in their policies and process. So I don't see any limitations from them their side because ultrasonic requirement is also not that as per the policy, earlier process was also as per their quality policy. Why the ultrasonic has come into picture? Because down the line for mass production, there should not be any limitations. That is the reason they have insisted for that. So I don't see any point from this, time onward where we it would get hold of.

Vidhan Narola - Analyst
Okay. And my last question would be that, like, right now from Vartiv side, they're seeing a massive demand for their cooling units or CDUs, and they want to diversify their supply chain towards countries like India. So like, there's a company called Aeroflex which is already an exclusive partnership they have, and right now they're also facing various difficulties with other vendors because they are not able to mass-produce the products up to the quality and standards what you need. So would, um, our company be considered a second-best competitive peer to companies like Aeroflex? Where if you want to mass produce and meet the standards of Vertiv, that would be possible from our end.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
See, I again I'll say that Aeroplex manufacturing the the product or the piping or which we are

manufacturing is all totally different in terms of the quality and the manufacturing requirement. We manufacture product which is more stringent than what Aeroplex Aeroflex is manufacturing. So we are, we are in the process of developing or setting up the plant in such a way that we will be able to meet up the quality standard required by them. That is the reason we are adding the machines or equipments and reduce the human intervention as, as much as possible. So we definitely aligned to deliver the product which what you expecting.

Vidhan Narola - Analyst
Okay, that's all. Thank you.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Yeah, thank you.

Operator - Operator
We'll take one last question from Mr. Aditya. Mr. Aditya, you can unmute and go ahead, please.

Aditya - Analyst
Many congratulations. Sir, just to follow up on the approval, approval part, so how does the approval process work? So if a product for Hitachi has been approved in, I et's say from some authority in Canada or all the seven provinces in Canada, that same product has to go under some another approval for some other company? Or if that is approved, then it is, that can be sold to ABB also or Bosch also or some other peer also?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
No, this product, this engineering, you see what, what happened, the engineering which is, uh, the proprietary of a particular company If I we, we design for particular company, it is our proprietary. If Hitachi designs and supply to us, then their proprietary. So that product I cannot supply to other product than Hitachi. I need to supply to Hitachi only. And the approval is for the engineering part, not for the manufacturing part. Canadian approvals are generally for the engineering. This validate the engineering, that is the engineering is done in such a way that complies with the Canadian requirement. That is the part.

Aditya - Analyst
Okay. So basically approval is product specific and engineering specific.

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Engineering specific and product specific. Even if you see, as of now I have 20 equipments requirement from Hitachi, out of which I got approval for seven. Other are in the process. So these ones, this approved engineering is approved. I need to manufacture according to that engineering. If I need to change any Small changes that engineering which make have impact on the equipment need to get approved or validated by the approving authority.

Aditya - Analyst
Okay. So for those same, for those 20 products, if some other company approaches to us, we will have to take another approval for that company also?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Correct . I cannot send this to them.

Aditya - Analyst
Okay. Got it. Thanks sir.

Operator - Operator
Thank you. So that was the last question for the day. Would you like to give any closing comments before we end this conference call?

Yogesh Patil - Chairman and Managing Director, United Heat Transfer Limited
Thank you for the support of value investors. We are trying our best to deliver the best feasible results. And expecting the supports, uh, in our journey. That's all from our side.

Operator - Operator
[Operator Instructions]