LAKSHYA POWERTECH LIMITED

(Formerly Lakshya Powertech Private Limited)

CIN: L74900GJ2012PLC071218 GSTIN: 24AACCL3031F1Z4

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May 21, 2025

To,
Listing Compliance Department,
National Stock Exchange of India Limited (SME Emerge),
Exchange Plaza, Plot No. C/1,
Block G, Bandra Kurla Complex,
Bandra (E), Mumbai-400 051
Company Symbol – LAKSHYA (NSE Emerge)

Dear Sir/ Madam,

Subject: transcript of Earnings Call

pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby annex the transcript of the earning call held on May 19, 2025 to discuss the financial results for the six months and financial year ended March 31, 2025.

The transcript of this earning call has been uploaded on the website of the Company and can be accessed on following link: Transcript-H2-2024-25.

You are requested to take the same on your records and disseminate to the members.

Thanking you,
Yours faithfully,
For Lakshya Powertech Limited

Patel Akash
Digitally signed by Patel Akash
Date: 2025.05.21 16:21:44 +05'30'

Akash Patel
Company Secretary &
Compliance Officer
M. No.: A68826

Encl.: A/a

“Lakshya Powertech H2 FY'25 Earnings Conference Call”

May 19, 2025

MANAGEMENT: **MR. RAJESH ANNE - MANAGING DIRECTOR, LAKSHYA POWERTECH LIMITED**
MR. LAKSHMINARAYANA ELESWARAPU - WHOLE-TIME DIRECTOR, LAKSHYA POWERTECH LIMITED
MR. AMIT AGRAWAL – CHIEF FINANCIAL OFFICER & WHOLE-TIME DIRECTOR, LAKSHYA POWERTECH LIMITED
MR. C.R.K. RAJU – CHIEF OPERATING OFFICER, LAKSHYA POWERTECH LIMITED

MODERATOR: **MS. POOJA GANDHI – EQUIBRIDGEX ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Lakshya Powertech H2 FY'25 Earnings Conference Call hosted by EquiBridgeX Advisors Private 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. I now hand the conference over to Ms. Pooja Gandhi from EquiBridgeX Advisors Private Limited. Thank you. And over to you, ma'am.

Pooja Gandhi: Thank you and good evening, everyone. Welcome to the H2 FY'25 earnings call of Lakshya Powertech Limited.

From the Management we have with us today, Mr. Rajesh Anne, Managing Director; Mr. Lakshminarayana, Whole-Time Director; and Mr. Amit Agrawal, Whole-Time Director; and Mr. C.R.K. Raju, – COO.

Before we proceed with the call, I would like to state a brief disclaimer. This conference call may contain certain forward-looking statements which are based on the current opinions and expectations of the company. A detailed disclaimer is already provided in the investor presentation uploaded on the stock exchange.

Now, I would like to hand over the call to Mr. Lakshminarayanaji for opening remarks. Over to you, sir.

L. Eleswarapu: Good evening all. I am Lakshminarayana, the Director for Lakshya Powertech. A brief introduction of the company. Lakshya Powertech was started in 2012 as a freelancing company by Mr. Rajesh Anne with 2 people. And over a period of time, we have come to become an EPC contractor serving the facilities like in sectors like oil and gas, power, renewable energy, and industrial sector. And as a part of services, we are doing EPC contracts, integrated operation maintenance services, and special services comprises of testing and commissioning, overhauls, and trading of spare parts.

Under EPC sector, we are doing projects to main clients, ONGC and Vedanta. Under the integrated operation and maintenance, we have done projects with Mega Engineering, Kirloskar Pneumatic, Raub Energy Ventures Malaysia, and Powerica in data centers. I mean, integrated operation and maintenance, even Shaporji Palonji, we have supported them for their Vedanta facility. And special services like overhauls and turnarounds, we have done for Indian Oil Corporation, Vedanta Group and Subham Inc.

And we are located at Ahmedabad. We are having the head office at Ahmedabad and the corporate office in Hyderabad, and service offices across all our service locations to support the client. This is about the company. Yes, Pooja?

Pooja Gandhi: Thank you sir.

Moderator: Should we open the line for question sir?

L. Eleswarapu: Yes.

Moderator: We will now begin the question and answer session. Our first question comes from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Thank you very much. Good evening sir, thank you for the opportunity. So I have a few questions actually. So the first one is if I look at the H2 results, they're substantially below what you did last year in the same period. So would you like to give some sort of a qualitative commentary as to what exactly happened? Were these results as per your expectations? Were there any extraordinary events which led to slow down in revenue growth and also quite a steep decline in your margins? What exactly happened during the half year sir?

Amit Agrawal: Good evening. Myself is Amit Agrawal. In terms of the revenue in 2024, we achieved revenue of Rs. 150 crore. In the last year, 2024-25, we achieved Rs. 160 crore. Our target was Rs. 180 crores to Rs. 190 crores but due to the delay in the IPO and the fund management, so we have slightly down our actual target. We planned IPO in the month of the May, but actually due to the NSE delay and the procedures, we got fund in the month of October. So due to the 4-5 months cash flow stopped, we were not able to achieve our target. But in future, we will achieve at least a minimum of 30%-35% of the CAGR growth and also whatever our projections we will achieve.

Agastya Dave: Did you say 40% to 45% revenue growth?

Amit Agrawal: Not 40% to 45%, but conservatively, we 25%-30% of CAGR.

Agastya Dave: Understood sir. Is the cash crunch or fund shortfall completely addressed now that the IPO has happened?

Amit Agrawal: Yes, now all are on track, all the projects, what are the projects we are doing right now, all on track. There is no issue in that as well.

Agastya Dave: Perfect sir. Sir, over the last few months, you have been continuously disclosing new order wins. Can you tell us more about the nature of these orders with respect to the margins? What kind of margins are you expecting in your existing order book? And what's a good margin to consider for you going forward? Because the margins have been going up and down quite a lot. So there is no clear-cut trend that I could figure out going by your past financials. Can you also discuss the margin profile of the company in light of the kind of work that you are doing?

L. Eleswarapu: On the side of the margin, we have approximately the net margin of 10% from all activities. So we have the majorly three segments. One segment is the EPCC, the second is the integrated operation and maintenance, and third is the special services. In the EPCC, there are two sub-segments, one in the oil and gas sector, second in the data centers. So in the data centers, we have the net margin approximately 16% to 18%. And in EPCC, oil and gas sector, we have the margin in the average of 13% to 16%. But in the integrated operation and maintenance, we have the margin approximately 6% to 8%. So now we are planning in the future, we are more focused on the EPCC projects and specifically in the data centers also for the increase in our debt margins.

Agastya Dave: Okay. So can you give a split of your order book, existing order book between these 3 divisions and also next year, what kind of margins can we expect based on the mix that you will have?

L. Eleswarapu: Current as of date we have the Rs. 275 crore order book, net order book which covered the Rs. 154 crore in the EPCC segment or approximately Rs. 115 in the O&M segment and rest is the special services.

Agastya Dave: 117 in O&M?

L. Eleswarapu: Yes, O&M, Integrated Operation and Maintenance.

Agastya Dave: Understood, sir.

L. Eleswarapu: And we will cover approximately Rs. 175 to Rs. 180 crore out of this Rs. 275 in the current year revenue.

Agastya Dave: Rs. 170 to Rs. 180, okay, sir, understood. And so based on this, the margins that you are given, 15%, 18%, that is at the PAT level, right?

L. Eleswarapu: Yes, at the PAT level. So in the coming year, in the future years, we are expecting minimum margins of 11% to 12%.

Agastya Dave: At the PAT level?

L. Eleswarapu: Yes, PAT level.

Agastya Dave: Understood sir. Sir I have few other questions but I will go back in the queue and come back. Thank you sir.

Moderator: Thank you. The next followup question is from Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Okay, so only I have questions. Sir, my next question was, as you ramp up your scale of the company, what kind of investments do you need? Because in the presentation, you have mentioned that data center is a fresh entry for you. So I was under the belief that this is not a segment where you have done a lot of work compared to your EPCC segment. So would you require any capital expenditure? Would you require a fresh hiring of a new team? How exactly should we look at the investment angle here, both on the balance sheet side as well as on the P&L side?

L. Eleswarapu: Yes, with regard to the data centers, we are now only focusing on to the power side, power evacuation, and the fuel gas management system. But we are expanding our services for the HVACs. And then the acoustic panel manufacturing, which is the requirement for all the data centers. So we want to have our own manufacturing setup for this. So for this, we will be requiring the additional fund reinforcement so that we take now only 10% to 15% of the data center value we are taking the job. We are expecting to increase by 30% by taking many more projects with including the sectors which we have not focused till date. Like though we have this sense, we are not focused on to that like fire hydrant systems and then HVAC systems and the acoustic systems. This year, we are going to the client asking for them to bidding for these activities also and taking the direct manufacturing facilities for the acoustic systems so that we can manufacture for our own projects and support the clients also for their projects, especially we are back to back support for GMMCO and Caterpillar and Powerica.

Agastya Dave: Understood, sir. This manufacturing setup, you will have your own manufacturing facility?

L. Eleswarapu: Yes, our own manufacturing facility to meet the client requirement.

Agastya Dave: And this will be like a fabrication heavy manufacturing facility or just an assembly and sub-assembly line?

L. Eleswarapu: No, it is the fabrication, it is the assembly section with the raw product converted into the finished product acoustics. It's a workshop-based one with the automated system. You give the raw material, you get the output.

Agastya Dave: Understood, sir. So as of now, your addressable market in any one data center project is around 10% to 15% of the total value. And going forward, it will become, you said you will add 30% to 35%. So it will become 40% to 45%.

L. Eleswarapu: No, it's overall. And that 20% to 25% increase because all of a sudden, clients also will not be ready to give us the opportunity. Slowly we will progress. Maybe hopefully, down the line, 6 months or next year, we can show our performance and take much more into the projects.

Agastya Dave: In this segment, how are you winning new customers? Do you have any partner with whom you are bidding for projects? How you getting to...

L. Eleswarapu: You need to understand the data center is power intensive.

Agastya Dave: Right.

L. Eleswarapu: So all the power, backup power is either by the diesel engine driven generators. We are having the back-to-back arrangement with these companies like Caterpillar, the Powerica and then wherever they are bidding, we are backup to them.

Agastya Dave: Understood, understood. So you get the contract as soon as Caterpillar gets a contract.

L. Eleswarapu: No, we give all the estimation, everything to these three companies. So then during that, we have an agreement, long-term agreement for every such thing, we give quotation. And then accordingly, once we win the project, then it is automatically uploaded to us.

Agastya Dave: Understood, sir, understood. And for every new data center, you have to submit this? Or do you have a standard package where on a per, let's say, 100 megawatt basis, you have a certain setup in place which you just, is it like a standardized thing, your arrangement with Caterpillar, or you have to go, like, start from scratch?

L. Eleswarapu: No, if the BOQ is same, it is the same. It's already quoted. BOQ, the bill of quantities will vary depending upon the size of the data centers. Type 2, it is different. And type 3 data centers are different because type 3 requires only at most stringent conditions for power outage. It's only 28 minutes allowable per year in this type. So we need to follow that. So accordingly, the equipment what we provide them will have that stringent norms to meet it.

Agastya Dave: And so when will we see a good order inflow from data centers? And when will those orders flow into revenue? And how big do you see this becoming over, let's say, next 2 years?

L. Eleswarapu: Actually, we are expecting this to happen from September because now we are targeting bigger things with Amazon and other data centers wherein we have already submitted a proposal including all the services. If that goes through, then definitely maybe September onwards you can see the rise in this.

Agastya Dave: Understood. And sir on the CAPEX side, what is our CAPEX plan for the coming 2 years in FY'26 and '27?

L. Eleswarapu: For the data center, we need only a Rs. 67 crore for the road bank and the acoustic panel manufacturing facility.

Agastya Dave: Understood. And for the overall business or company as a whole?

L. Eleswarapu: As you see, there is no requirement right now for any additional working capital. That's normally done by bank facility. And whatever we have received from the IPO, this will be recycled and put in the work capital management.

Agastya Dave: Perfect. So the only CAPEX will come from the data center side and that will happen this year?

L. Eleswarapu: No, in addition to data center, we are focusing on to oil and gas also sector wherein retrofitting of old plant is happening. So therein you require these projects cost maybe minimum of Rs. 150 to Rs. 200 crore with the period of 20 to 24 months is the completion period. So almost now we are bidding for under Rs. 300 crores worth of projects for oil and gas sector. So that we take 120 to 180 days to convert into an IPO.

Agastya Dave: And sir, in this, what is the scope of such orders? What will be refurbishing? I missed that point.

L. Eleswarapu: It is like we have to design. Design and then construction. Like some things, when new equipment may come, we need to do the foundation. And then most of the cases, the gas compressors need to be updated with the latest technology and add on new facilities, gas compressors and other utilities to meet the overall requirement for the plant.

Agastya Dave: So this is under EPCC, right?

L. Eleswarapu: Yes, it is under EPCC because in this, the procurement is major thing. It will be around 70% of the project cost.

Agastya Dave: Right.

L. Eleswarapu: So there we can expect better margins.

Agastya Dave: Understood. So for you, that will be from people like Kirloskar Pneumatic or whoever is supplying some OEM like that, right?

L. Eleswarapu: Yes, the OEMs are there. We are having even from the outside, like the Cooper, we're going for an understanding so that wherever we are bidding, we take their support and get the order.

Agastya Dave: Understood sir. And sir to what size can you go in terms of bids? What kind of projects can you take single largest order that you are qualified for?

L. Eleswarapu: As on date, we are qualified up to Rs. 500 crores.

Agastya Dave: Rs. 500 crores, okay.

L. Eleswarapu: And in addition to this, we have already promised, I mean, we already told in our, I know that we will be going to renewable energy. We are just looking for solar power also. We are having discussions with 2-3 companies to have a consortium for engineering and other things so that we can have the capabilities of that.

Agastya Dave: So there also you will be doing the EPC work. So you will tie up with a module manufacturer and then do the EPC work?

L. Eleswarapu: No, that module manufacturer we are not tying-up because all the contracts, the government only is providing the modules. Only thing we need to do is other engineering procurement and construction. Other than the module and things we need cables and the other substation requirements that we have to provide.

Agastya Dave: And the scope of work here would be actually installing the plant and also the substations or substations will be separate?

L. Eleswarapu: It will be some places, substations are part of it. It depends upon the connectivity work it is requested by the DISCOM.

Agastya Dave: And so when will the renewable business pick up for us?

L. Eleswarapu: We are already in talks with the different companies. Maybe if everything goes well, maybe from first June we can take up the new projects up to 20 megawatt minimum.

Agastya Dave: Understood, sir. Understood. So thank you very much for answering all my questions. Sir, I have one request and suggestion for the company. Even though SEBI mandates that you declare your results after every 6 months, if you can voluntarily disclose the numbers every quarter, that would be of great help, sir. And it will be much appreciated by everyone. Like this delay which happened in the IPO, right? This led to something which was completely out of your control. And it was not something which was a part and parcel of the business as such. And I keep on seeing that you are getting more and more orders. So I was a bit surprised by the execution was lacking this time, but when you like discussed all of these things, the picture became clear. So if you do it more frequently sir, it would be easier. This is a brand new company which has listed in the market. And we are just trying to understand the company as of now. It takes us some time. So the more frequent the interaction, the more frequent the reporting and communication from the company in any form, sir. I already appreciate that you disclose all the orders that you are getting. The more you do it, sir, the more frequently you do it, the better it is. It will be for all the investors to understand the company and invest in the company. So that's a small suggestion, sir. Kindly do take it into consideration. But thank you very much for answering all the questions, sir, and all the best, sir.

L. Eleswarapu: Thank you for the suggestion. I will just discuss with our team, the finance and other things. So they'll definitely have some interaction and then you are updated with the data.

Agastya Dave: It need not be audited financials. It need not be the full P&L and the full balance sheet. But an indicator number that the execution during this particular month or this particular quarter was this much. The total aggregate fresh orders that we got was this much. We expect certain delays in, let's say, execution because of the delay in the IPO. But now everything is on track. Just basic communication, sir, that would be more than sufficient. A one-page summary with a few paragraphs on what is happening on the business side. For example, we have a data center and a renewable which are going to substantially add to our revenues going forward. And these are exciting opportunities. So any progress that we make in a quarter that we received so many RFQs or we had so many discussions and these were the bids which were placed. Even if you don't mention numbers, any qualitative commentary as to how the progress is in these two areas, it will be very well taken by the markets. And as an investor, it would be of great help to me, just to end, like to all of us. Just to understand the direction the company is going in because these are exciting opportunities and it will be nice to see the company go from heights, well go to new heights. So that's the motive behind the suggestion sir. Kindly take into consideration sir. Thank you very much and all the best.

L. Eleswarapu: Thank you very much.

Moderator: Thank you. Our next question comes from the line of Rajiv Agrawal from Sterling Capital. Please go ahead.

Rajiv Agrawal: Thanks for the opportunity. My question is what led to the sharp increase in debtors this year, sir? Debtors have significantly increased.

L. Eleswarapu: Yes, actually in the last quarter, in the month of February and March, approximately we have supply of major equipment to the EPCC project. It's the Bokaro project, approximately Rs. 30 to Rs. 40 crore. Due to that, our debtors has been increased. And this money will be released in the month of May, June and July month.

Rajiv Agrawal: Okay, so you have already started receiving money?

L. Eleswarapu: Yes. We have already started. Because it is a major supply equipment in the month of February-March, the amount of debtors has been increased.

Rajiv Agrawal: Okay, so you expect, so debtor days you expect maybe should fall back to 80 days around this year?

L. Eleswarapu: Yes.

Rajiv Agrawal: So you don't expect any further deterioration in working capital. And my further question is when do you see these profits converting into cash flows?

L. Eleswarapu: Which debtors? You are asking for the debtors amount?

Rajiv Agrawal: No sir. I am asking that you don't expect any further deterioration in working capital or and when do you expect this profits to be converted into cash flow?

L. Eleswarapu: This profit approximately includes the cash flow up to September-October.

Rajiv Agrawal: Okay, so you expect some operating cash flow this financial year?

L. Eleswarapu: Yes. Because in the last year, our operating cash flow was negative due to we have collected the funds from the market. So, why this reason our operating cash flow was negative. So, in the current year, our operating cash flow is positive.

Rajiv Agrawal: Okay, thank you.

Moderator: Thank you. Our next question comes from the line of Noel Shah JSR Long Time Investment. Please go ahead.

Noel Shah: Congratulations, sir on a successful IPO and robust execution. And so I have one, I have two questions. So one is that you have Rs. 9.31 crore equity base, which is Rs. 31 crores of reserve, which is found in the balance sheet. So my question is, will you be considering distributing through dividends and/or we will be reinvesting all profits for growth. Second question is regarding the working capital. So it must be very intense given that this is a project based contracts. So how are you managing your receivables especially with large PSU clients?

Amit Agrawal: Okay, in regard to the dividend, currently we don't have any plan for the dividend for the shareholders. We are accumulating the fund for the future. We are currently not planning any dividend. And for the working capital..

Noel Shah: Working capital that means it must be very intense, very intense.

Amit Agrawal: In the O&M sector and the EPCC project, there is a milestone payment system in the PSU sector. First, we need the certification milestone from the customer, then accordingly we generate the invoice and upload the portal and as per the terms of the IPO, we will get the fund in the 15 days or 21 days for the payment from the PSU sector.

Moderator: Thank you. The next question comes from the line of Sahil Raj from Samdariya Capital Ventures. Please go ahead.

Sahil Raj: Regarding the ONGC orders which we mentioned in our last investor meet that was supposed to come in May, what is the current status of that?

L. Eleswarapu: Still the technical evaluation is going on for the ONGC project which we bid.

Sahil Raj: Yes, yes. Regarding that only I have asked.

L. Eleswarapu: Maybe it will take under 60 days because they have asked for 60 days the bid value rating. So we have extended the bid value rating for under 60 days.

Sahil Raj: But I saw on the GeM portal that the bid has been cancelled or maybe it's not or maybe a revised bid will be announced.

L. Eleswarapu: Which bid you are talking about?

Sahil Raj: The Rs. 100 crore one, the ONGC project, the Rs. 100 crore bid. You mentioned in your order book.

L. Eleswarapu: About the Bantumilli re-tendering, it is going. In addition to that, we have done for 2-3 projects also. I am talking about that.

Sahil Raj: And this 2-3 projects you expect to come in the company in the next 2-3 months?

L. Eleswarapu: Yes.

Sahil Raj: Okay.

L. Eleswarapu: It is a revision in the technical space. So that's the reason somebody has put a query so that they have asked for a remit. They have extended that.

Sahil Raj: And regarding current year estimated growth that Amitji mentioned to another caller, what is our target for this year? 30% growth or 35% growth, maybe more than that?

L. Eleswarapu: Yes, we have taken the conservative figures, minimum 30%, total 30%. We will try to more than 30%. So now we are considering as conservative figures, the 25%-30%.

Sahil Raj: And one small request from my end, like other participants about quarterly updates. Just one page summary would do very good.

L. Eleswarapu: Yes, definitely we will discuss with our internally and update. No issues. We have taken the advice. Then we definitely will implement that.

Sahil Raj: Any plans for fundraise this year or maybe we are insufficient in working capital limits? Anything on that?

L. Eleswarapu: No, we have sufficient working capital limit right now. If requirement, we will take the negotiation with the bankers so they increase the enhancement limit. But no need of any public fund right now.

Sahil Raj: Okay sir. Okay. That's all. Thank you very much.

Moderator: Thank you. Our next followup question comes from the line of Noel Shah JSR. Please go ahead.

Noel Shah: So, do you foresee any pricing pressure from the other turnkey EPCs, in the sectors like renewables and power and stuff?

L. Eleswarapu: Yes, definitely it will be there, pricing pressure, but actually most of the activities we carry out, we do in-house only. We don't do any subcontracting. That is the advantage we have when compared to other EPCC people.

Moderator: Thank you. As there are no further questions from the line of participants, I now hand the conference over to Ms. Pooja Gandhi for closing comments.

Pooja Gandhi: On behalf of Lakshya Powertech Limited, I sincerely thank you all our investors and analysts for taking the time to join us on today's earning call. Your trust, interest and continued support means a lot to us. We look forward to growing stronger together and keeping you updated on our journey ahead. Thank you once again for being part of our story. Thank you.

L. Eleswarapu: Thank you all.

Moderator: On behalf of EquiBridgeX Advisors Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.