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MEMBERS OF : HTRI-USA



12 September, 2024

To,

<b>Bombay Stock Exchange Limited</b> Corporate Relationships Department 1st Floor, New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 <b>BSE CODE: 523792</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 <b>NSE CODE: MAZDA</b>
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**Sub: Transcript of Group Meeting with Analysts/ Institutional/ Individual Investors**

Pursuant to regulation 30 read with Part A of Schedule III of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the transcript of Virtual meeting with Analysts/ Institutional/ Individual Investors and Senior Management of the Company held on 05<sup>th</sup> September, 2024 is available on the Company's website at [www.mazdalimited.com](http://www.mazdalimited.com) and attached herewith.

Please take the same on record.

Thanking you,

Yours faithfully  
**For Mazda Limited**

**Nishith Kayasth**  
**Company Secretary**

Encl: As above

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**MAZDA LIMITED**  
**INVESTOR CONFERENCE CALL**  
**HELD ON 05<sup>st</sup> SEPTEMBER, 2024**

**Management:**

**Mr. Percy Avari- Whole Time Director**

**Mrs. Shanaya Mody Khatua- Whole Time Director**

**Mr. Mohib Khericha- Chairman & Independent Director**

**Mr. Cyrus Bhagwagar- Chief Financial Officer**

**Mr. Nishith Kayasth- Company Secretary & Moderator**

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**Presentation Text is attached below as Annexure.**

### **Mohib Khericha (Chairman)**

Hello everyone,

Today, we are Present here for the investor meeting. I would like to request Mr. Percy Avari to address the Investors.

### **Percy Avari**

Yeah. Good evening, everyone. Hope you all doing well. My name is Percy Avari. And today I am going to speak on behalf of Mazda limited about the company in general. Our prospects for the financial year 24-25 and feel free to ask questions as and when you want to. So, shall I start?

### **Nishith Kayasth (Moderator)**

Yeah, we are ready.

### **Percy Avari**

I'll briefly walk you through a few key points. First, let's start with the orders on hand. For domestic orders, including spares for the vacuum systems, we currently have orders amounting to ₹70 Crore. Our American partner, Croll-Reynolds, has placed orders totalling ₹ 7 crore with us. In our division that sells air pollution control equipment, we have orders worth ₹3.5 crores. For our evaporator division, which produces multiple effect evaporators, we have orders totalling ₹ 34 Crore. Additionally, spares for Croll, ALS for air pollution equipment, multiple effect evaporators, and certain spares for vacuum systems amount to approximately ₹ 1.5 crores. In total, we currently have around ₹115 to ₹116 crores in orders on hand. I've provided a breakdown of these orders by verticals to give you a clearer picture. Regarding delivery times, the cycle for the majority of vacuum systems is approximately 3 to 4 months, while the delivery period for the evaporator division is 4 to 5 months. This 3 to 4 month also applies to the delivery period for orders from Croll-Reynolds, including those placed by Croll Reynolds. We are consistently receiving inquiries from various industry segments, including pharma, chemicals, Agro-chemicals, edible oil, ethanol plants (particularly bioethanol), power, petrochemicals, and refineries. However, as mentioned previously and in previous years, the majority of our business comes from edible oil refining and the thermal power industry, with each contributing around 25% of the revenues for the vacuum systems division.

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In case of evaporators and air pollution, the agrochemicals and dyes industries predominantly dominate. However, there are now a few pharmaceutical industries involved as well. These sectors have some overlapping segments and some that are very exclusive to them. For instance, edible oil is not part of the evaporator division, and power is not included in the evaporator division. Likewise, dyes are not part of the vacuum division. Some segments do overlap, but there are distinctions. Despite having a healthy order book and consistently receiving a good number of inquiries, several factors have contributed to our less-than-ideal performance in the first two quarters. This is primarily because clients have failed to lift products that were made ready according to the contractual delivery periods. Issues such as lack of funds, project execution delays, export commitments, and high freight costs have impacted their ability to dispatch and export products, leading to a drop in our shipments. Additionally, our boiler required complete dismantling and maintenance after 4 or 5 years, which caused a loss of 15 to 20 days because we could not conduct performance tests. This downtime contributed to lower sales as well. However, we expect that for the financial year 2024-25, we will be able to match, if not exceed, the results of the preceding year 2023-24. Those results were quite healthy and impressive. We are also regularly discussing with our U.S. partners, who have informed us of a strong flow of inquiries. This could potentially lead to more orders for Mazda. Thus, we anticipate a possible surge in orders in the near future.

Currently, we restrict ourselves from exporting vacuum systems to avoid inter-company competition, but we are free to export other products like surface condensers, evaporators, and feed water heaters. We are actively seeking reliable agents in specific countries, such as Malaysia and the UAE, to help with these exports. Although we have not fully committed to this effort yet, we plan to intensify our search for good agents after December. As of now, our direct export of these products is lagging behind. To give you a brief overview: The vacuum systems market in India is around 200 crores, of which we hold approximately 65 to 75 crores. In the evaporators sector, which is valued at 400 to 500 crores, our market share is around 60 to 75 crores. For air pollution control equipment, including venturi scrubbers and packed towers, we expect our order size to be around 6 crores. There is significant potential for us to increase our market share in both the evaporators and air pollution control equipment sectors, and to some extent, even in the vacuum systems division.

Our major competitors have written here because many of you have inquired about who our major competitors are. Regarding Indian competitors, I would like to mention that in the field of Ejector systems, the new player is Cam Process. In evaporators, GEA HK Industries is a notable competitor. For stainless steel equipment, Alpha Laval, PRA JG Emoji Process and SSP in Faridabad are key players. I have not included air pollution control in this list because the manufacturers of FRP equipment—such as those making FRP tanks or columns—are also involved in air pollution control equipment. Additionally, I want to share an observation about market sizes. The market for evaporators is significantly larger, more than double that of vacuum systems. While there is notable

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growth in the evaporator division, it's important to note that evaporators are used for recovering water from industrial effluent (waste water), which results in lower profitability compared to vacuum systems. Vacuum systems, used for process applications, have a smaller market size but offer higher profitability. Both product lines benefit from our exports through CROLL REYNOLDS USA, which provides us with excellent prices due to their sales in high-buying-power countries such as the US, UK, and Germany. This results in better pricing for us. Our most successful division is the one in collaboration with CROLL REYNOLDS, USA. We are currently negotiating to shift more of their orders to us instead of having them fabricated in China. CROLL REYNOLDS is satisfied with our quality and timely deliveries, as well as our support in troubleshooting and commissioning at their global sites. We often send our engineers to locations as far as Brazil and Australia, which reinforces their preference for our services over those from China or local US factories.

However, having said this, the competition for all our products has become quite intense, with more and more competitors entering the field, both local and international. India's rapid economic growth has attracted overseas companies, who are either setting up operations here or collaborating with local manufacturers. As a result, the market is becoming increasingly challenging. While the market size is expanding, the rate at which competition is increasing is much higher. This is a concern for us. However, the one thing within our control is to ensure high quality and timely deliveries, and to keep our customers satisfied. Thankfully, we have been quite successful in this regard, touch wood.

Another viewpoint I wanted to share, since many of you have asked, is that our current setup can generate revenue up to 250 crores for the engineering division, with a potential range of 250 to 260 crores. We might need a larger setup to fully capitalize on this potential.

This sums up our current operations. I have tried to address almost all the questions we received, but please feel free to ask any additional questions if you need further clarification.

Now, moving on to the different areas where we are focusing our efforts: As I mentioned, growth often requires diversification into new segments, markets, and products. Here is a brief overview of some of the products we are currently venturing into. While these products might be small or their revenues relatively insignificant at the moment, they are expected to contribute significantly to our company's growth in the coming years, perhaps in the next five years.

One product we are excited about is the Smart Rod System. We have already started receiving orders from prestigious companies like Hindustan Coca-Cola. They are extremely satisfied with our product and have showcased it at their head office in Atlanta for potential use in all their factories worldwide. We are optimistic that with just this one client, we might achieve our target for this product. Additionally, Aditya Birla has found the product's performance very encouraging, and we are in discussions with Reliance in Jamnagar and Mumbai, as well as other large companies like Adani and BKT, who have also given a green signal for installing this product in their plants.

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Another promising product is the Smart Rod, a non-chemical anti-scaling and descaling equipment. We are also developing several other products:

**Ion Exchange Membrane:** This innovative technology is a first of its kind in India and is used for water recovery systems. It is more efficient than reverse osmosis. We plan to launch this product in about a year.

**Advanced Evaporation System:** We have received a patent for this new type of evaporator, a combined MDR plus TVR system. It offers certain advantages over conventional systems and could lead to increased bookings in our evaporator division.

**High Gravity-Based Equipment:** Designed for capturing CO<sub>2</sub>, SO<sub>2</sub>, and ammonia, this product is aimed at refineries and fertilizer plants. We expect to launch it in 2027.

**Chemical-Free CIP Solution:** This product is a cleaning solution for the dairy sector, reducing the need for large amounts of chemicals used every 6 hours to prevent bacterial growth. We expect to launch this in the latter half of 2026.

We are also exploring hydrogen-based technologies and diesel elimination but will not discuss them in detail right now, as larger companies like Adani and Reliance have entered these areas. Instead, we are focusing on the four new products mentioned. Even if one of these products succeeds, we anticipate a significant boost of around 20 to 25% to our growth. I hope I have successfully addressed all your questions and provided a clear overview of Mazda's current and future plans.

Thank you.

**Nishith Kayasth (Moderator)**

Thank you very much, Sir. Now miss Shanaya over too you. Please have a chat with the investors.

**Shanaya Mody Khatua**

Yeah, I Will. Hello everyone Nice to see a few familiar names. I hope you're all well. Here's a brief update from my end:

We had targeted a total turnover of about Rs. 30 Crore for the year ending March 2024, and I'm pleased to report that we achieved that target. We are also on track to meet our new target for the year ending March 2025.

Regarding capacity utilization, with a single shift, our full capacity would be about Rs. 60 crore. In our previous facility, we added more shifts to increase production. At present, we are considering whether we need a production expansion. With a single shift, Rs. 60 crore represents our full capacity utilization.

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Our bottom line is still slightly suppressed due to the impact of depreciation, but we expect this to stabilize within the next 3 to 4 years as our top line improves. If you review our last quarterly results, you'll see that we have already performed better compared to the previous quarter and last year. As our top line continues to grow, the effect of depreciation is expected to be largely mitigated.

We are continuing with our strategy of launching new products, gradually entering new markets, and expanding our customer base, primarily with our existing product line. Additionally, we are working on increasing our share in the Indian market. As I mentioned last time, we have set up distribution teams in Delhi and NCR and have now opened operations in Gujarat. We prefer a state-by-state approach because marketing and establishing a presence in India can be expensive. We aim to maintain a healthy bottom line and are performing better than many FMCG companies with low single-digit profitability margins. Despite our cautious approach, we are opening new markets and acquiring new customers. We are also exploring several larger projects and collaborations, although I can't provide details until these are finalized.

We are still developing the ready-to-eat market segment, which we expect to be ready within the next 6 to 8 months. It's a lengthy process from concept to market launch. We have increased our team and have now established a distributor and super stockist network in Gujarat. Building a brand and establishing a product in the market typically takes about 2 to 3 years, but we are making solid progress.

That's all from my end for now. If there are any specific questions, I would be happy to address them when we move to the Q&A session.

### **Nishith Kayasth (Moderator)**

Sure, ma'am. Thank you very much. Now we can open the platform for the question and answer. We can take the question and answer one by one.

Please raise your hand if you have any questions.

### **Investor 1**

Hello

### **Percy Avari**

Hello.

### **Investor 1**

Can I start?

### **Nishith Kayasth (Moderator)**

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Yes, Sir. You can start.

### Investor 1

Thank you for this opportunity, and good evening to everyone. I found it really interesting to hear about the new product development opportunities you've been discussing.

Could you provide more details on our R&D and new product development efforts? Specifically, what types of investments are we making, and how do we approach this area? I understand that predicting revenue from these new products can be challenging, but could you share more about our efforts and our team's approach?

Additionally, I would appreciate insights into how we are exploring both export and domestic opportunities. This is the only question I have for now.

### Percy Avari

Yes I am assuming because I could not hear you properly, you are talking about the smart rod system. Do you want me to elaborate more on the smart rod?

### Investor 1

Yes, Sir. My point is that, given the effort we've put into showcasing our capabilities at the last exhibition, as well as discussing other products like ion exchange membrane production, advanced power systems, and new air pollution control systems, it's clear that we must have invested significantly in product development and R&D.

Could you provide more details on the size of our R&D and development teams? Additionally, what extra investments are we making in these areas? Understanding these aspects will be really helpful.

### Percy Avari

Yeah. That's an interesting question. The products I mentioned, particularly the Smart Rod system, are quite different from our current offerings. We are in the process of hiring new personnel with expertise in fields such as water technology and experience with softening plants. We are teaming up with agencies that specialize in these products and building a marketing team, as our existing engineers are not well-suited to market these new and unconventional products.

Currently, our efforts in marketing are partially successful. It is challenging because this is a completely new line for us, and we are accustomed to selling equipment, whereas these products fall more into the utility area.

As for R&D, it is an ongoing process. We have invested a substantial amount in developing and testing these new products. This includes developing transformers for them and conducting trials at various companies. Much of our learning comes from installing these products at client sites,

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where we are now starting to see encouraging results. We are making some adjustments based on these trials, and I am pleasantly surprised by the results we are achieving.

Our R&D efforts are not limited to our factory but also involve client sites. Fortunately, due to our good reputation, clients permit us to make modifications on-site. The resources, manpower, and expertise required for this are distinct from our current setup, making it a time-consuming process. However, we are progressing and getting closer to our goals.

## Investor 1

It's so great. Again, congratulations for investing for new products, new development and new team and wish you all the best. Thank you very much.

## Nishith Kayasth (Moderator)

Thank you, Sir. Now, moving over to Mr Himanshu, you can unmute yourself and ask the questions.

## Investor 2

Hi, good evening. I have two questions: one for You and the other for Shanaya.

Shanaya, last time we spoke, you expressed concerns about the slowdown in developed markets and its impact on our foods division. What is the current status and situation for exports and the foods business? Additionally, how large were our sales from exports and domestic business in the foods division for the last year?

## Shanaya Mody Khatua

Regarding your first question about macroeconomic conditions, the situation can vary throughout the year. For example, Nigeria, which is a significant market for us, experienced a major issue with the naira against the dollar. This situation slowed down our exports because customers struggled to obtain dollars or convert naira to dollars. The macroeconomic conditions are fluid and can change frequently.

On the other hand, Sudan, which was conflict-ridden last year, is now in a much better position, allowing us to resume exports there. Overall, macroeconomic conditions are challenging to predict and control, and they fluctuate throughout the year.

Sorry, what was the second question?

## Investor 2

The breakup of revenue between domestic and export.

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## Shanaya Mody Khatua

Yeah, got it. Got it. Cyrus, you may be in a better position to answer that for the last year.

## Cyrus Bhagwagar

Yeah, for the for the last year, domestic is comparatively very less, it's around 8 to 10% whereas 90% was exports.

## Investor 2

Okay. And this export is majorly to the emerging markets or developed markets?

## Shanaya Mody Khatua

No, that's not the case at all. We have a broad supply network. Our largest customer is in the UK, and we have a strong supply presence in the US and Saudi Arabia. We also supply to the UN and the EU, among other regions. Additionally, we have supply channels in smaller emerging markets like the Maldives. Overall, we have a global supply footprint, with the exception of Asia, where our market presence is relatively limited, except in India.

## Investor 2

Okay, Percy, could you outline our strengths on the engineering side? Additionally, can you explain the criteria we use for selecting the products we want to develop or enter into? Specifically, what types of products do we prefer not to pursue, and how do we determine the solutions we aim to provide?

## Percy Avari

Yeah. So, I am assuming that you are asking me that what is the criteria for selection of the new products, right?

## Investor 2

Yeah, selection or again rejecting the product.

## Percy Avari

Yes, that's a very good question. I haven't been asked this before, so I appreciate it. Historically, our products have been specialized and limited to specific applications. For example, vacuum systems are needed for particular applications, and evaporators are used primarily in processes where water needs to be treated.

Currently, we are aiming to expand into products that have broader applications across various industries. Our goal is to enter markets where products are used across a wide spectrum, such as

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textiles, pharmaceuticals, edible oils, and steel making. We are focusing on products related to steam and water, as these are used in virtually all industries.

By targeting these more universal applications, we aim to avoid being restricted by niche markets and instead, increase our volumes by reaching a broader market.

## Investor 2

Okay, and thank you; that was very helpful. One last thing: the aftermarket revenue increased significantly last year, rising from 4.55 crore to 11 Crore. What was the reason for such a substantial increase?

## Percy Avari

Thank you. Yeah.

## Investor 2

Large increase in the aftermarkets business.

## Nishith Kayasth (Moderator)

After-market business means you are talking about other income.

## Investor 2

No, in the breakup of revenue there is spares and parts business, OK.

## Percy Avari

There must have been one or two big orders that contributed to this increase. I'm not entirely sure, but I believe some exotic materials were used in product applications, which could have significantly impacted the revenue.

## Investor 2

OK.

## Percy Avari

Nothing significant about.

## Investor 2

It. Yeah. So, it is not a sustainable revenue stream.

## Percy Avari

No, no. In ones in exotic, some material comes in place.

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### Nishith Kayasth (Moderator)

OK, thank you, Mr Himanshu. Now moving over to Mr Nikhil, you can ask the question.

### Investor 3

Yeah. Hi. Good evening. Thanks for the opportunity.

First, if I look at our AGM notes from last year and compare them to this year, the order book appears to be largely flat. Last year, we had an order book of 123 crores, and this year, it is in a similar range. What is happening at the industry level to explain this?

Second, if I track the trend of our order book and revenue, it seems we used to receive 40 to 50 crores in orders during the year, which would then be executed and reflected in our reported revenues. Is this trend continuing? Specifically, why is the order book growth slower, and what additional revenue should we expect from this order book for the year? Last year, our revenues were around 195 to 200 crores, which is approximately 1.4 to 1.5 times the starting order book. Is this pattern expected to continue?

### Percy Avari

Historically, our order bookings over the past five years have consistently ranged between 90 to 120 crores. There is no precise reason for this trend; I also sometimes wonder about it. However, it has always been within this range. Currently, we are close to this range, though if we had secured one or two big orders just before this meeting, we might have exceeded 130 crores. We are expecting some substantial orders, particularly from the solar industry, with 23 orders currently under negotiation. We might have secured 31 to 35 crores, but unfortunately, we are currently at around 115 to 120 crores while discussing this.

Yes, the market is tougher than before. As I mentioned, there is intense competition, and the growth rate of competition exceeds the growth rate of the market. With India being a shining star right now, many overseas companies are also entering the Indian market and setting up offices. This increased competition is affecting us, and we are actively working to identify new areas and products to ensure continuous growth. Even though our growth may be modest, we are committed to innovation and finding new opportunities. Yes, it is tough right now.

### Investor 3

Okay. Secondly, regarding the anti-scaling product, could you provide a cost-benefit analysis comparing our product to existing solutions? Specifically, how does our product differ from current options, and what benefits does it offer to customers? Additionally, what is the price differential between our solution and the existing alternatives?

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## Percy Avari

Okay, Existing solutions for anti-scaling are chemical-based, involving the use of nitric acid, sulfamic acid, and caustic agents to remove scale and fouling. These chemicals must eventually be removed from the system and end up as effluent, which is difficult and costly to treat at common effluent treatment plants (CETPs).

Our Smart Rod system differs significantly in that it eliminates the need for chemicals entirely, thereby avoiding the generation of effluent. This leads to several key benefits:

**Reduction of Effluent:** By not using chemicals, we avoid generating effluent that requires treatment. This reduces the load on CETPs and avoids associated costs.

**Cost Savings on Chemicals:** In a small to moderate-sized factory, the cost of chemicals can exceed 70,000 to 1,00,000 rupees per month. Our solution eliminates this expense, along with the need for chemical storage and additional manpower to handle these chemicals.

**Reduced Downtime:** Traditional chemical treatments require plant shutdowns for cleaning and chemical application. With our Smart Rod system, cleaning can be performed without stopping the plant, thus reducing downtime. Downtime can cost a factory up to a crore of rupees or more per day, so our system helps avoid these significant losses.

Overall, while there is an initial capital cost for installing the Smart Rod system, the long-term savings on chemicals, effluent treatment, and reduced downtime provide substantial cost benefits.

## Percy Avari

We have conducted a cost analysis with several companies, and in some cases, the payback period for our system is as short as one and a half months. In other cases, it is around six months, and for smaller companies, it could be up to a year. However, it's important not to focus solely on the payback period. Consider the broader benefits: reducing downtime, eliminating effluent generation, avoiding the need for chemical storage, and other factors.

Thank you.

## Investor 3

Look, conceptually, this product looks as what you have discussed looks very exciting. What could be the challenges in terms of acceptance of this product because the application area would be pretty large for this product. So, what could be the challenge?

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## Percy Avari

That is very, very, very unique. There were companies came in this line with different technologies.

Years back, who have spoiled and with different technology, not the technology that we use have spoiled the reputation of this non chemical product that is so it is first it is a barrier that we have to break, telling them, explain them that this is a completely different technology. So that is the first point. Second is that the reserves are not instantaneous. OK, so we have to install these and the results come after 3 to 4 months or 5 months for the clients to really see it. So that is the second point. 3rd point is the client does not believe what we say. And he thinks that it is not feasible to do it so that these 3 combinations add up to our slow penetration of the market. But I'm sure by the process of word of mouth and by the wonderful results that we have just started getting in, this could ease the barriers could ease and we will have a good future as we anticipated in the coming years.

## Investor 3

And just last question, you discussed in the initial presentation and also in our annual report the that we are trying to go into volume products. If we have to understand what is the total target market segment? We would increase from where we are today. So today when we talk about it, it's around 700 to 800 crore kind of a market where we are operating based on all the products and all we are working does this 800 Crore expand to 2000 to 2500 crore. What is the scale of market?

## Percy Avari

Hypothetically speaking, there is no limit to this market because, as I said, all these new products will be used wherever there is a boiler and a cooling tower and I believe that each and every plant has a boiler and a cooling tower, so there is no limit to it. It. But we have kept a modest target of increasing our turnover by 10 or 15% with these new products in the coming years. But there is no limit to this market.

## Investor 3

Sure. Thanks.

## Nishith Kayasth (Moderator)

Thank you. Thank you, Mr Nikhil. Now moving over to Mr Shaukat.

## Investor 4

Good evening. Thank you for the opportunity. I wanted to understand little medium term to long term perspective and travels of the company both in the food division as well as in the engineering division where with all these good products that you have working on. After launching this product,

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where do you see yourself moving towards what kind of number and margin, revenue number and margin we can reach, let's say in 2 to 3 years perspective.

### **Shanaya Mody Khatua**

I mean, I can reply from my side. I mean, as you can see as from the food side, we're expecting a sort of average of 15% to 20% year on year growth. So, I mean. We'd like to grow more and faster, but that needs more capital. So, we just want to hold on to our growth right now for us, the most important is pulling up our top line for now is in the medium term for 5 years to ensure that depreciation isn't affecting us as much.

### **Investor 4**

And the margin side, let's say, EBITDA margin that we can maintain in the food division or the steady state basis?

### **Shanaya Mody Khatua**

That would change also on the basis of what we've done for that year, Cyrus. You can take the question.

### **Cyrus Bhagwagar**

I think we have more or less maintained the margin. So, I think we will be able to do that.

### **Percy Avari**

Yeah, Mr Ali, as far as the Engineering Division is concerned, It's like that if we reduce our profitability, we can have a surge in the order booking which we are not wanting to do first is that so keeping that in mind we expect moderate inquiries of growing generally by 10 or 15% at the most, 20% for the coming 2 to 3 years, but once these new products take us, I mean come up and they are accepted by the market wholeheartedly. Then there is, I would say. Then you'll have an exponential growth or like I can say that right now.

### **Investor 4**

Yes, I agree that that's all from my side. Thank you.

### **Nishith Kayasth (Moderator)**

Thank you. Thank you very much now moving over to Mr Varun.

### **Investor 5**

Yeah. Good evening. Thanks for the opportunity. Yeah, just 2 to 3 questions. Firstly, Shanaya in terms of driving business from overseas, how easy or difficult is it for you to manage business from abroad?

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What challenges do you face and how do? You deal with the same.

### **Shanaya Mody Khatua**

Umm, I mean, I've been doing it for 14 years now, so we sort of have a system in place. I have a much bigger team driving business from abroad means it also helps to be in a central location to be able to do and go to places where I need to be. So, it's a sort of keeping a working system running. So, to speak, we also have a much bigger team, which I coordinate with, which is very helpful, yeah. There's a lot of disturbance from your end.

### **Investor 5**

Is it better now?

### **Nishith Kayasth (Moderator)**

No, I think.

### **Shanaya Mody Khatua**

Not quite. Yeah, maybe if you have a mobile device or something like that that's searching for network. Yeah, it's, it's gone now, yes.

### **Investor 5**

Yeah. So, second question is on the engineering side. I think we have good engineering and servicing capabilities and we did speak about that, but in terms of marketing and branding capabilities or let's say our initiatives around bringing in new business or increasing our visibility, what are we doing there and how do we see our front end at the moment and how do you look to strengthen the same?

### **Percy Avari**

Yeah. So, we have recently signed up with LinkedIn. We have got professional. We are regularly uploading articles on LinkedIn and you will see fresh inputs from Mazda on it. We are trying to employ Engineers; local engineers work from home in far off places like Vapi or maybe deep somewhere in Maharashtra to penetrate into the industrial zones. We enjoy very strong brand reputation of Mazda is identified with good quality products and is in the league similar to that or enjoyed by large companies. So, profitability wise and other, you know, we enjoy a good amount of respect from the clients. But we are definitely making up. We are coming up with a new website. So, we are doing, we are now being more visible linked and we are employing. Engineers these new products that we are launching, we're trying to have a new team which will really do ground you know. Put in efforts to penetrate in other segments of the industries. So, we are putting different type of efforts but it will take time.

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## Investor 5

Got it, got it. And in terms of new customer additions in India, can you share some data around how many new customers we would have added in last 3 to 4 years?

## Percy Avari

I really difficult for me to answer, but we have been now taking part in different type of exhibitions like we exhibited at cap tech. Right now, we are lined up to exhibit at the edge. After that there is an exhibition again in Bombay. Then there is an exhibition in Delhi.

So, we had stopped it some years back, but now we have started in selectively, of course, in participating in selective exhibitions. So, these exhibitions lead to 3 to 4 new clients every time that we exhibit. So, every year we add around now with the exhibiting and now with LinkedIn everything we are adding 10to 15 fresh brand-new clients to our list.

## Investor 5

Got it. And we've been looking to expand our product base to grow business. So how do you measure the success of new products launched in last 2 to 3 years because the revenue share from these products, yeah.

## Percy Avari

The one product we have launched and that is the Smart Rod. Unfortunately, it is not very significant that I would like to speak about, but yes, we have started getting orders from large companies and the coming 6 months we will see significant growth in that new product that we have. The other products are our existing products and for which I have already spoken.

## Nishith Kayasth (Moderator)

Yeah. OK. Mr Varun, thank you very much. Now moving over to Mr Uttam.

## Investor 6

Yeah. Good evening, Sir. Thank you for the opportunity. So, my question was on the capacity side, as you mentioned, we would speak out around 250 or 260 or current revenues. So just want to know how much CapEx we would require to expand and would it be like a new facility or we have enough space at our current facility?

## Percy Avari

Yeah, Mr Uttam, it's a good question which I or no one right now has a clear answer. But since you have asked this, 250 to 260 Crore is what we can. Quite comfortably do, but we have space. We have land where we can immediately start if the need arises. So, we have a factory which we can

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immediately built, which we can immediately start. That could add another Rs. 20 Crores if the need arises. And most importantly, we have got a very large chunk of land next to the food division, which at all. If there is a huge surge we can put in a good amount of capital and can start a large factory over there, but I don't see it was happening in the next 2 to 3 years at least.

### **Shanaya Mody Khatua**

Just to clarify that 250 to 260 Crores, he's talking about it is without any substantial additional investment in infrastructure. It is with our current facilities.

### **Percy Avari**

And only as far as the engineering division is concerned you have to talk with food.

### **Investor 6**

And how much maintenance CapEx do we require each year to keep our facilities in up to date and keep them?

### **Percy Avari**

Fortunately, we are fabricators basically as far as the engineering is concerned. So, if there are no CNCs involved or no sophisticated equipment's involved, which really called for maintenance, maintenance is only for the DG sets that we have big sets that we have welding sets that we have or for the plate bending facilities that we have major hindrance comes from the test facility that we have. Then we have boiler where we have cooling tower and we have to test each and every product of ours. Other than that, I do not see or the results do not even show significant amount being spent on the maintenance.

### **Investor 6**

And so now so this FMCG segment we operating, it is bound to get competitive as we increase in scale and margins for many companies, margins have seen pressure after. On scale, so is there any niche products, products we are trying to enter or small categories we are trying to enter or are we trying?

### **Shanaya Mody Khatua**

No, not no niche products at all, because that's a very limited, as you said there, there is where you feel the most of the squeezed. We are targeting the mass market with also with the increased competition. Remember with India we have the benefit of scale and larger segments of the population open up as they move from their echoes. Economic social status into a consuming segment. So, we've seen this trend with India, where despite you know again, I'm not talking about niche products, I'm just talking about mass products like ours. Where there is that offset, where we

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also have the added benefit of segments of population or even just smaller cities, etcetera opening up and becoming consumers, which one before.

### Nishith Kayasth (Moderator)

OK. Thank you very much Mr Uttam. Now, Mr Anuj, you can have 2 to 3 questions.

### Investor 7

Yeah, 2 questions. One is for Percy. Historically, we have been challenged by limited after sales income from our segments. Do the new products partly address that situation? More, we continue to be a one-time transaction. That's question number one.

### Percy Avari

Yeah, they continuously, unfortunately they will continue to be one time installation type of equipment's.

### Investor 7

Okay, but you know, when you spoke your mind on the new product selections, it's a great thought that we want to be more generalist, but any more thoughts into You know, repetitive engagement with this product. That's question number. That's just a follow up and also you know what we've seen in the engineering businesses is good businesses have actually managed to increase their market share because customers have demonstrated appreciation for better quality products. Do you see that happening in either evaporators or vacuum Systems.

### Percy Avari

That happened for certain duration of time in the last years, but now clients are, you know, getting so much of vendors who can supply the same product that they are. Taking advantage of the situation, right and all the vendors are becoming competitive. So, right now, India is a very price sensitive market and if someone drops their prices, the purchase guy will automatically go to him and more importantly, right now all these reverses vendors or reverse options are being put in place. And they do not give any weightage to the quality or the past experience. It is just on the basis of L-one. So that is one of the bad or not so encouraging things that have happened the reverse auction where it is faceless and where it goes purely by the price. So unfortunately, again your both your questions I could not give a positive reply.

### Investor 7

Alright, no problem. Thanks for this and Shanaya just one question on the new product segment, which is ready to eat. What is the market looking like and could it have a better profitability profile than the existing business? Thank you.

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## Shanaya Mody Khatua

Not necessarily better. No. I think with the general, the segments we are in, we're not looking at really big margins because again, we don't do niche products. So, we're not making protein bars etcetera, which usually can have a 50-60% markup. We're not interested in niche markets at now, so no, we would be looking to maintain at best our current profitability's, but just our focus is on volume with our products always.

## Investor 7

Alright, thank you.

## Nishith Kayasth (Moderator)

Yeah. Thank you very much all. Now we can have a concluding remark from our chairman, Mr. Mohib Khericha.

## Mohib Khericha (Chairman)

Hello everyone,

I believe you have heard from both Percy and Shanaya. Percy has mentioned that the first two quarters were somewhat slow due to issues on the customer end, clearance delays, and shipping problems. However, he is optimistic that we will catch up over the rest of the year. Percy also noted that order bookings have slowed down during the election period but are expected to pick up now that there is more clarity and continuity.

On the food side, since the factory has been operational this year, we are anticipating a 15% growth next year and onward. With everything in place, we aim to achieve annual turnover of ₹ 60 Crore within three years, which would be the full capacity. Although there is enough space for additional machinery, we are well-positioned financially to make those investments.

Regarding engineering, we have available land and a building, and with our current financial position, we can increase our capacity as needed.

As for the new product, the smart rod, if it succeeds, we have the potential for a significant market share since no one else is producing it. Percy has mentioned that Coca-Cola has already purchased from us and has recommended to their head office that this product should be implemented across all their plants. This unique product could substantially benefit us if it proves successful.

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Other products are currently in the design and development stages, and we will gradually start adding them to our offerings.

We hope all of you are satisfied with your investment in Mazda, and we are committed to delivering better results in the interest of all our shareholders. Let us prosper together.

Thank you.

**Nishith Kayasth (Moderator)**

Thank you very much all and request all to attend the AGM which is on 9th September 12:00 PM.  
Thank you very much.

**Percy Avari**

Thank you. Thank you.

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## ANNEXURE

### **Brief for Share-holders meet scheduled today evening... (5-9-2024)**

- Currently the order booking is as follows:
  - (a) Domestic orders including Spares for Vacuum Systems : Rs. 70 cr.
  - (b) CR / Exports orders for Vacuum Systems : Rs. 7 cr.
  - (c) Domestic orders for Air Pollution Control Equipments : Rs. 3.5 Cr.
  - (d) Domestic orders for Multiple Effect Evaporators : Rs 34 Cr.
  - (e) Spares (overall for all the products) : Rs. 1.5 Cr.
  
- The cycle time / delivery periods for majority of the Vacuum Systems Division products is around 3-4 months while that for Evaporator Division is 4-5 months.
  
- Furthermore, there is a constant flow of enquiries from various segments of the industry including Pharma, Chemical, Agrochemical, Edible Oil Refining, Ethanol Plants, Power, Petrochemicals & Refineries.
  
- However, majority of the enquiries continue to remain from Edible Oil Refining and Power Segment (which contribute approx. 25% revenues each for our vacuum systems business) and in case of Evaporators & Air Pollution Equipments, it is mostly the Agrochemical & Dyes Industries which dominate.
  
- Due to various reasons beyond our control, our sales figures have reduced for the first 2 quarters due to the clients not lifting their ordered equipments on time. The reasons include lack of availability of payment, delay in project execution, etc. and also due to maintenance related issues with our Test facility boiler.
  
- However, we do expect the overall 2024 – 2025 results (in terms of dispatches as well as in terms of profitability) to match those of the preceding year, 2023-2024.
  
- Recent discussions with our Partner, M/s. Croll Reynolds Co Inc, USA indicate that there is strong flow of enquiries and orders at their end which might translate into more orders to Mazda from them.
  
- Though we restrict ourselves from exporting vacuum systems (to avoid inter-company competition), we are free to export our other products which include Surface Condensers, Feed Water Heaters and Evaporators, though we have not initiated any significant action towards the same. However, we intend to actively canvas for these products overseas by tying up with a few local business agents that we have identified.
  
- As per our estimate, the total Indian market for our various products is as follows:
  - (1) Steam Jet Ejector Vacuum Systems : Rs. 200 Cr.
  - (2) Evaporators : Rs. 400-500 Cr.
  - (3) Air Pollution Control Equipments: Rs. 100 Cr.

- Our major competitors are as follows:
  - (1) Steam Jet Ejector Vacuum Systems : Newfield, Chem Process, GEA & HK Industries
  - (2) Evaporators : Alfa Laval, Praj, GEA, Mojji, Chem Process, Ketav Ind & SSP
- The Profit margins for vacuum systems is relatively higher than that for Evaporators as our Evaporators are generally for recovery of water from Industrial Effluent and are sometimes are forced by the local pollution control Board and therefore, plants owner restrict their spending on Evaporators. But, the market for Evaporators is much higher and will grow further in the years to come as environment consciousness increases. However, the profit margins are the best for our export orders to Croll Reynolds, USA and the sales from them could increase as they could divert more orders to us instead of getting them fabricated in China.
- The competition for all the products has become quite intense considering the current prevailing scenario and therefore, are now focussing more on aggressively marketing the following new products that we have developed:
  - (a) Chilled water operated, highly efficient vacuum systems
  - (b) Chemical free, Anti scaling water treatment systems.
- Our current manufacturing set up can generate a revenue up to 250 Cr. for the Engineering div. and after which, we might require a larger set up.

### Engineering Segment: Driving Innovation and Growth

Mazda Ltd's Engineering segment continues to be a cornerstone of our business, demonstrating resilience and adaptability in an evolving industrial landscape. Our commitment to innovation and delivering value-added solutions has enabled us to secure a strong market position.

**Building on Recent Successes** The successful industrial trials of our Non-Chemical Anti-Scaling and Descaling equipment (**Smart Rod Systems**) marks a significant milestone. Due to the product's encouraging performance (exceeded our expectations) across diverse industries, we are of the opinion that it will be in the forefront of leading the drive for substantial growth in the current financial year.

**Strategic Focus on Innovation** Aligned with our vision to be a pioneer in industrial solutions, we have intensified our R&D efforts. Our focus is on developing cutting-edge technologies that address critical industry challenges and create sustainable value. A few are listed as below:

- **Ion Exchange Membrane Production:** As a first-of-its-kind initiative in India, we are collaborating with a large research organization to develop Ion Exchange Membranes. This technology holds immense potential for various industrial applications, including EDI/EDR systems and niche segments.
- **Advanced Evaporation Systems:** We are in the process of developing 'first of its kind' and innovative hybrid MVR/TVR-based Evaporation Systems (**now patented by us**). This will enhance energy efficiency and overall system performance and could propel us in becoming the leaders in the field of Evaporators.
- **Revolutionizing Air Pollution Control:** We are working on a 'High Gravity' based equipment to significantly reduce the operational and capital expenditure of scrubber/stripper systems while improving efficiency as specially for CO<sub>2</sub>, SO<sub>2</sub> & NH<sub>3</sub> capture.
- **Chemical-Free / CIP Solutions:** Also, we are currently conducting trails for developing a 'Chemical-Free Cleaning-in-place' (CIP) Solution for the Dairy Sector. Successful alpha trials are underway, paving the way for a transformative offering.

**Embracing a Broader Innovation Ecosystem:** Mazda Ltd is committed to exploring innovative technologies from across the globe. We are open to collaborations with Industry leaders to introduce groundbreaking products, even if they diverge from our current offerings. Our focus on sustainable green energy technologies aligns with this approach. We are particularly interested in exploring opportunities in Hydrogen-based technologies, Desalination Technologies that resonate with Mazda's philosophy.

**Conclusion :** We are confident that our ongoing initiatives will deliver exceptional value to our stakeholders and solidify our position as a preferred partner for cutting-edge engineering solutions.