



“HVAX Technologies Limited H2 FY-25 Earnings Conference Call”

May 23, 2025



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LIMITED**
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MODERATOR: **MS. SAKHI PANJIYARA – KIRIN ADVISORS PVT. LTD.**

Moderator: Ladies and gentlemen, good day and welcome to the HVAX Technologies Limited H2 FY '25 Results Conference Call, hosted by Kirin Advisors Private Ltd.

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 call over to Sakhi Panjiyara. Thank you and over to you, ma'am.

Sakhi Panjiyara: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of HVAX Technologies Limited. From Management Team, we have Nirbhaynarayan Singh – Chairman and Whole-Time Director; Mr. Prayagdatt Mishra – Managing Director; and Mr. Shiv Mittal – Non-Executive Director.

Now, I hand over the call to Mr. Nirbhaynarayan Singh for the opening remarks. Over to you, sir.

Nirbhaynarayan Singh: Good afternoon, ladies and gentlemen, and esteemed shareholders. I am delighted to address you today, confident in our Company's future performance, our achievements demonstrated our commitment to excellence and growth.

Today, I am honored to share an extraordinary journey of the 2 friends, the founder of HVAX Technologies Limited, who transformed a humble beginning into a thriving enterprise. From scratch, we have built this Company that has grown from 0 to 130 in the last 15 years. So, it is just as we need to give you how or understand how HVAX Technologies started in the year 2010, and how it has grown over the years. So, the journey in the past, the journey in the present, and the future that we look to traverse together.

So, the key milestones that we have achieved over the last 15 years in terms of revenue has been the growth from 0 to Rs. 130 crores. The employee strength, when we started was 2 of us, and now we have grown to over 130 employees. The lessons learnt in the past was very instrumental for us, driving the future. So, what we learnt was resilience and adaptability, innovation and customer focus, teamwork and leadership.

Now, if we were to take you in the past, since the inception, when we started in the year 2010, you would be happy to notice that in the last 15 years, we have grown assets in the revenues since the inception of 2010 from Rs. 3.27 lakhs, as of today, to Rs. 131 crores.

Now this has been a steady growth. In the year 2011-'12, we did revenues of around Rs. 8 crores. Thereon, there was an increment of around 15% to Rs. 9.5 crores, and we have been growing since then.

The most important lesson in our journey that we have learnt was in the year 2013-'14. From a revenue of Rs. 9.5 crores, we fell to almost around Rs. 6.5 to Rs.7 crores, and the Company was almost on a brink of collapse, which was the most important lesson learned by us that is not deviating from the systems.

So, we learnt it a very hard way. And from thereon, if you were to see our journey, we have been growing over the years. So, in the last 15 years, if you were to see, there was only once that you would find that our revenues were dropped, and that was by around 25%-30% in the year 2013-2014. Thereon, we have grown so steadily that we have never seen a degrowth.

For the last 3 years, if you were to see, we have been growing consistently from 40% to 15%-20%, and last year growth of this financial year of March '25 to around 24%. So, going ahead, as we see, we find a very sustainable growth of around 35%-40% over the next few years.

In terms of the industry, we find there is a huge growth. And the industry, as on date, what we are addressing is majorly Pharma industry, which is about 95%, maybe 98% of our revenues. However, as we see, we can grow or we find that, probably in terms of growth, the sky could be the limit to our growth, majorly because, as on date, what we see is we are not fully catering to Pharma industry by itself. And the industry that we are into or the services that we provide, probably we can cater to most of the industries.

To name some could be hospitals, data centers, semiconductors, solar, so on and so forth. As in the past, since we traded very cautiously, not looking only for the revenues, but establishing our base, we always wanted to make our base strong, and not directly focus on the revenue, growing maybe around 50%, 80%, which was quite possible.

But we always wanted to ensure that while we are running behind the growth, we ensured the base remains strong, and that is what we are looking at. So in spite of we having this different industry that we can cater to, to expand, we probably will venture into this industry slowly and steadily.

To start with, next year, probably, our focus is the hospitals. And just to highlight it, probably we might have worked for most of the industries in the past. But the only thing, again, we never tried to concentrate on a particular industry. So our concentration was majorly the Pharma. And if you talk about Pharma, this is the most critical industry of all. So our services, when we offer to Pharma, when we succeed here, 100%, we can succeed in any industry, because this is the most critical of all the industries that we talk about.

And as we all know, the way data centers, semiconductors, hospitals have been growing in India and abroad, it is humongous. So in terms of growth for a Company like us, we find, as said earlier, the sky could be the limit. And probably the only challenge that we find in our growth would be in terms of the skilled manpower.

So again, giving a thrust, probably we always want to make our base strong. We ensure that the systems are in place before we leap on to another industry. So the future growth as we talk about, we find, there is a huge potential in the industry. This is a small industry compared to, the other industries that we talk about. There are limited players involved here. The growth is immense.

Pharma industry by itself would be growing at approximately around 8% to 15% year-on-year. If you talk about data centers, if you talk about semiconductors, I guess everyone might be aware the way the foreign investments are coming in into India. So as we talk about, the revenues that we did last year was 130, but the capabilities like, probably 1 project can fetch us a revenue as to what we did last year.

So the scope is huge. The scope is tremendous. The only thing is we need to be really cautious and take 1 step at a time.

Now, for those of you who do not know actually as to what HVAX is all about, what do we actually do? Because most of the shareholders, I am sure, the analysts or the panelists here, would be knowing much since they've invested in the Company, but for those shareholders who hardly know as to, what HVAX is all about, what do we exactly do? So for them to understand what HVAX is all about, basically in 2010, HVAX started as a HVAC contractors.

That means when we say HVAC, it is nothing but centralized air conditioning. But the term does not end here. It is only a layman language whereby people can actually understand what an HVAC is. Going ahead from 2010 till date, we have transformed ourselves from an HVAC Company to turnkey cleanroom integrators. So that means now we do complete turnkey facilities in terms of setting up the plants.

Now, again, if you are to understand for the shareholders who do not understand, if it is only to be a centralized air conditioning, what is so special about us? What do we exactly do? Because there could be so many people, who might be doing centralized air conditioning. So it is just not about the central air conditioning as we talk about. There's so many things involved.

So it is like, if you talk about a cleanroom, what you mean is, it is basically one can imagine, it could be a dust-free or a germ-free room. But the buck does not stop there. What involves here is probably the services that we offer is what matters is your air quality, your air pressure control, your air changes, humidity and temperature control.

In a nutshell, if you are to understand, what exactly we do. So as on date, as we spoke about, since we cater to the Pharma industry, 98% is coming from the Pharma industry, what we do here is we set up turnkey plants, the plants whereby the companies manufacture their drugs. It could be anything. It could be a tablet. It could be injectable. It could be onco. So drugs related to cancer or vaccines. So we set up these facilities.

So we build the entire infrastructure. That is, we design, we build, we commission, and we validate. Now, when we say validate, it only means that these companies are stringent to standards.

For example, if these companies were to sell their products in a particular Company, let's say if they want to sell this product in the U.S., so they have to be U.S. FDA compliant. That means this FDA regulators would come here, inspect the plants to ensure that the drugs are good enough to be supplied there. So it is a critical business.

And now we find that almost 50% of our clients will be the repeated clients. So going ahead for the future, we find there's a huge scope. And only thing is, and now the most important reason, of we coming to this capital market.

Most of the companies, who have been coming to the capital market, as we all know, probably, 90% of them or 95% of them would fade away with time, maybe in 2 years, 3 years, 5 years. Now, with our journey of last 15 years whereby, since this is a first-generation Company, founded by 2 friends. from 0 to 130, so we had nothing, when we started this Company. So we brought this Company from there till here with nothing in hand.

Now, since we foresee the future and we find that probably sky is the limit for all the growth, the best place where probably we can meet our funds would be the capital market. And it would be the people like the esteemed shareholders people who are joining here. So when they understand, for the growth, what you need is the capital. And when you find a Company who can grow to greater heights, only if they have enough capital, then probably they would believe that, this Company is there to be.

And this is the primary reason, because what would you deploy from 0 coming to 130, people would say that, in 15 years, probably, we should have reached 500, maybe 1,000, maybe 5,000. But then you need to understand the limitation of the smaller companies, of the smaller people like us, by what is the basic limitation for them to grow, and specifically if they're a first-generation Company.

So then the only platform that you find, since we have reached here, now at the cusp of it, we are practically at a launching pad. Given the capital, given the opportunities that we have, we foresee in the future, probably this is a launching pad for us. However, given the guidance for the future, we would only say that probably, we are well poised to grow in a broader range of maybe around 35% to 50%, with a short-term range of maybe around 35% to 40% for the next couple of years.

So with this, I hope probably I have taken you through the journey as to what HVAX is all about, what was HVAX, where is it at. Talking about the future as we foresee, the future is really bright.

And only thing is, you would probably need the trust of the shareholders, because we believe that any money put by the shareholders is of great value.

And we will ensure that the Trust posted on us, we would never let that down.

Now with that, I would like to pass on the baton to my friend, Prayag, who is again the Managing Director of this Company. So over to you, Prayag.

Prayagdatt Mishra:

Thanks, Mr. Nirbhay, and good afternoon, everyone. Myself, Prayagdatt Mishra. I am the Managing Director at HVAX Technologies Limited. To begin with, I would like to draw your attention to the size of the global market of the cleanroom industry, which is nothing but it's a contained, controlled environment.

The size of the global market for the cleanroom industry is approximately \$8 to \$10 billion. And it's growing at a CAGR of 6% to 7% year on year. And with this growth of the industry, we at HVAX are very confident of growing our revenues at the rate of 35% to 40% year-on-year, in continuation to the growth, what we achieved in financial year '25.

So this year, mainly our focus will be more on targeting the niche segment. As Nirbhay has told you, 95%, 98% we are doing business in Pharmaceutical sector, but Pharmaceutical sector is diversified into many other segments. So this year, our focus will be more into the biotechnology. And doing the critical infrastructures like anti-cancer, sterile injections, vaccines, WFI, suppositories, hormones. There are many critical infrastructures which needs their attention and the cleanroom applications for the complete project.

And apart from that, also will be, as Nirbhay had mentioned to you in his speech, we are also diversifying into the industry segment of semiconductors, solar, and healthcare. Healthcare which is coming in a big way. If you see our revenue, as on date like our revenue is 16% to 17% coming from the African continent.

We have built our base very strong in the African continent. And now here, the government PLI schemes are promoting every counties to come up with their own healthcare infrastructure. So they want to become an independent healthcare infrastructure nation.

So we have a huge, huge, huge, huge opportunity for the healthcare segment. And as rightly pointed, single healthcare project can fetch the revenue of Rs. 100 crores. That is the strength of this industry.

So we are very hardcore and very gung-ho about this industry. Because in the past, we executed a couple of projects. Now we are confident and we know the complete life cycle of the healthcare industry. And we are very confident to get into this segment this year. So that will be our major

focus for this coming year. And currently, we are operating in almost like 25 countries globally, with an employee strength of 130 people.

And surely, we are expanding our reach, and we are going to take a deep dive into the regions like MENA, which is Middle East and North Africa region; and the GCC countries, Gulf countries; and also exploring the collaboration to get into the Latin-American market. Because these are the markets known for its premium projects and the size of the projects are massive in these regions, and the investors can afford the size of projects in that region.

And we are targeting to this region like easy getting the project into the region can fetch us a better profitability and ensuring our bottom line also increase year on year. And now like to keep an edge over the competition.

Our research and development, we are very strong in research and development. Every year, we keep enhancing our systems and the offerings what we are giving. So this year, our focus will be like we are trying to introduce IoT and the artificial intelligence to our cleanroom systems what we are offering. And with this, there will be continuous performance monitoring of the cleanrooms.

So with an IoT, we will have the 24/7 real-time access to your performance, whether your cleanroom is performing or not. And apart from that, we are also working on the Predictive Maintenance Alert Program. So that will give you a prior alert like you need a maintenance. So you are well-prepared for offering the maintenance. And that will be what you can say like 0 shutdown of the cleanroom system, because you have a protective maintenance alert with you on your mobile. And with this introduction of IoT and AI, our cleanroom will be a smart cleanroom. And I am very sure this will give us an edge over our competition in the industry.

So yes, and that's all I can say. These are the things we are planning for the coming year. And I really want to thank you for hearing me out.

And now let me hand over the call to Mr. Shiv to take you all on our financial achievements. Over to you, Mr. Shiv.

Shiv Mittal:

Thank you, Mr. Prayag. And good afternoon, everyone. I am pleased to say the financial performance for the second half and full financial year ended March 31, 2025.

On a standalone basis, for FY '25, our total income stood at Rs. 131.42 crores, reflecting a strong growth of 22.29%. Our EBITDA came in at Rs. 18.97 crores, representing a robust 31.52% YoY increase, with a marginal improvement by 101 basis points to 14.44%. Net profit rose by 29.69% to Rs. 11.04 crores, while our net profit margin improved by 48 basis points to reach 8.40%.

For the second half of the FY '25 specifically, total income stood at Rs. 84.94 crores. EBITDA was Rs. 11.82 crores, with a margin of 13.92%. Net profit stood at Rs. 7.22 crores, translating to a net profit margin of 8.50%. These results are not just numbers. They reflect the outcome of strategic clarity, execution discipline, and the collective efforts of our people. It is a performance we are proud of, and it gives us the confidence to aim higher.

Going forward, with support of funds raised by IPO, we foresee a tremendous growth in operational excellence, which will increase revenue churning, and will help the Company to improve on cash flow from operations. Thank you.

And we now look forward for the questions. Hand over to the operator.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Mr. Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Hi. Good afternoon. Thank you very much for the opportunity. Sir, I would like to thank you, first of all, for doing the call, and your opening remarks were very heartening, especially the part where you stressed upon the learnings that you had regarding the importance of good processes, and running a Company like an institution rather than just a mom-and-pop store. So I really appreciate those thoughts, sir.

Sir, I would like to start with a suggestion. If you can start giving quarterly results and increase the frequency of your interactions with the investor community at large, it would be of great help for us also, and it will be good for the Company.

We are very new to this sector. There are only 2 companies which are listed now in the cleanroom sector, and everyone needs a lot of education about this sector.

Sir, I will begin with the questions. My first question is, sir, I noticed that there was a very good spike in your gross margins this time around. I was just wondering what led to that, and generally through the business cycle, sir, how have you seen margins fluctuate over a period of time?

From what information I have with me, I have only seen your margins improve quite substantially over a period of time. Is it because of operating leverage or is it because the value addition that you are providing to your customers is improving, and hence your realizations are also becoming better?

Nirbhaynarayan Singh: Okay, so to answer first, actually it was too big of a question. So very difficult to recollect all part of it, but as much as we can recollect. So to answer your first question, as you said, this

industry is new for most of our shareholders, so they hardly know about it. So we would like to educate them about it. As said, probably describe it properly and make them understand.

And to specifically answer your question whether we can opt for quarterly results. So we are eagerly looking forward to giving in the quarterly results.

Now the transformation from probably a private limited Company to a listed Company, to a limited, and then to a listed Company. This journey has been too fast. So we are just trying to cope up with it. So with the regulations coming in, so maybe probably it might take us maybe 2 or 3 quarters or maximum of a year, before we start delivering our results on a quarterly basis. However, it might happen soon, because we are looking forward to it. And we are really sorry that...

Agastya Dave:

One page press release at the end of the quarter. You need not publish the entire results. Just the way you presented the commentary for this quarter just now, exactly the same. What opportunities you are seeing, what are the progress, what is the progress in let's say entry into LATAM, GCC, the new sectors, getting into hospitals, getting into semiconductors, getting into data centers, solars. What is the progress? Just this much, sir. Just this much. And very basic numbers. What was the growth? That's it, sir. What is the order book? Perfect.

Nirbhaynarayan Singh:

Perfect. So surely you will get press releases every quarter. However, we would like to have more interactive sessions. We would like to address our shareholders more frequently, which probably we would not have been doing in the past. And the only reason for we not being vocal or being there on the media is probably we are not aware of how actually this works.

So we were only focusing on our business. But now since we have spoken to, and now since we have Kirin Advisors as well, so they have advised us a lot of it. Our analysts have advised a lot of it. We need to have a presence, so that our shareholders are updated. So we take your point. And we will surely ensure that all shareholders, investors are updated about it. And the minimum that we, as you said, the quarterly press releases, that surely would be there. But we would like to keep you updated again even between the months. As and on with times, when there is something happening, we will keep you shareholders updated.

Agastya Dave:

Fantastic, sir. Fantastic. Another question was on margins. And I have only seen, based on the DRHP financials and whatever I could read in the DRHP, and what you have presented in this year's numbers, your margins have improved dramatically over the last 2, 3 years. So what is the core reason behind it? Is it just that the Company is increasing in scale or is there some other reason to it?

Prayagdatt Mishra:

Basically, the credit goes to the better inventory management we are doing since last 2, 3 years. And we are increasing our operational efficiency as well to cut the delivery and execution time, and that actually building the better result.

- Agastya Dave:** Great, great. So these numbers, so what we have reported this time excluding other income is 14.2% margins for the year, and almost like 39.5% gross margins. These should be sustainable, right? Whatever we have done so far.
- Prayagdatt Mishra:** Yes, it will still increase a little bit.
- Nirbhaynarayan Singh:** So looking forward, the answer is yes. So probably we will be able to sustain it and probably improvise on it.
- Agastya Dave:** Great. So my second question is one follow-up on the commentary that you made. You said that you are a turnkey provider to the Pharma sector now. I was just wondering, sir, do you then install the reactors also? Or you come in after the civil work, like the basic structure of the building is done and the reactors are installed. That is when you step in. Just a clarification on what exactly do you do?
- Nirbhaynarayan Singh:** So when you use this terminology as a turnkey, so probably there is a lot of misconception, because a guy offering maybe, for example, a Pharma Company would probably require around 15 to 20 services. So a guy offering 3 services would also call himself a turnkey, a guy offering 15 services would also call themselves a turnkey provider.
- So to answer specifically to your question as to what we do not do in this turnkey thing is, the glass reactor, yes, it is out of our scope. We actually are not involved there. So where we are involved is, yes, we are involved with the structures. But when it comes to the civil structures, we refrain from it. We refrain from the civil part. So now if the plant is made on a structural part, yes, we are there. We are very much there. So right from that structural to the entire construction, commissioning, we are there.
- Agastya Dave:** Understood. Understood. Sir, I have plenty more questions, but I will go back in the queue and come back. Others need a chance. Thank you, sir.
- Moderator:** Thank you very much. The next question is from the line of Prerak from Aarth AIF. Please go ahead.
- Prerak:** Good afternoon, sir.
- Nirbhaynarayan Singh:** Good afternoon.
- Prerak:** Thank you for providing me the opportunity. My first question to you will be the receivable spike. What is driving the 3x increase in trade receivables? Our receivables have increased from Rs. 20 crores. Debtor days have also increased from 86 days to 199 days.
- Nirbhaynarayan Singh:** Yes. So, a very valid...

- Prerak:** Is there any connection of new large projects or anything.
- Nirbhaynarayan Singh:** So a very valid question why the debtors have increased. So, to answer your question, if you were to see, most of 60%, 65% of the billing has been done in the last quarter. So, if you were to look at the receivables, so that is the primary reason why you find that the receivables have jumped from probably what 90 days to 180 days as we look at. But if you look into the April, the collection part of it, we have probably collected more than Rs. 25, Rs. 28 crores.
- So, now, the major being, since almost 60%, 65% of the billing was done in the last quarter, and there is again a reason to it, and if you were to understand the history of, HVAX Technologies, for the last 10, 15 years, you would find that, our second quarter has always been strong.
- I do not know, there is no reasoning for it, why is that, whether the industry is in the way. But if you were to see for the last 10, 15 years, you find that, probably we do almost 60% to 70% of the billing in the last 2 quarters, and majorly in the last quarter.
- Okay. So, was I able to satisfy your question?
- Prerak:** Satisfied. My next...
- Moderator:** The line for the participant has been disconnected. Next question is from the line of Mahesh Seth, an individual investor. Please go ahead.
- Mahesh Seth:** Yes. So, I just had one question for you. Like what are your proposed plans for entry into hospital, ICU segment? And also, how big is this opportunity? And how does it sound for us?
- Nirbhaynarayan Singh:** Okay. Prayag? Prayag, you there?
- Prayagdatt Mishra:** Yes, I am there. Can you repeat your question, please? Yes.
- Mahesh Seth:** So, what I was asking that, like, what are your proposed plans for entry into hospital, ICU segment? And how big is the opportunity? And how does it align with us, sound for us?
- Prayagdatt Mishra:** See, regarding the hospitals, as I said, we are working very closely with the Ministry of Health here in African countries. And we are trying to link up with the locally to enable ourselves for the government PLI Scheme, because every county, we are planning for one hospital. And we are targeting to have a design-build hospital. Like, we will be doing the hospital planning, hospital feasibility, then complete engineering behind the hospitals, sterile corridors, modular OTs and everything. So, we are building our local base with the biomedical engineers here in the country at the regional level. And then we go all out with the hospital projects. Okay.
- Mahesh Seth:** Okay. Got it. Thank you.

Moderator: Thank you very much. The next question is from the line of Harsh Maru, an individual investor. Please go ahead.

Harsh Maru: Thank you so much for this opportunity, sir. I have 2 questions. Firstly, in terms of how a contract or an order flows through to the Company. So if you could tell us if there are any technical requirements that are there, and if there is a bidding process which is involved. So if you can just give us a flow-through in terms of the entire contract, right, from bidding for it to eventually collecting the money.

Nirbhaynarayan Singh: Fair enough. So before I answer this question, before I pass this on to Prayag, to answer the previous shareholder, whereby the query about the hospitals, we would like to reiterate that probably, we are not completely new to this hospital industry. In the past, we have executed a 300-bedded hospital in Nairobi. And we have successfully executed and commissioned it. So only thing is, was, since we have never ventured into it, because we were busy with the Pharma, so this has not been new to us. Now to answer your question, Prayag, can you answer that, please?

Prayagdatt Mishra: Yes. Yes. See, to answer your question, there are 2 types of projects which we come. It's a brownfield project and it's a greenfield project. So let me talk more about the greenfield project, how the process exactly flow.

So for a greenfield project, when we meet the investors and we understand his requirement, what exactly he wants to put. So that is the number 1, we initiate with the URL. Then the number 2, we understand the product feasibility, what exactly he intend to manufacture. So we understand the landscape and we understand the facts of the product, and the economy of the product in that country, particularly. So that goes for the feasibility stage.

Then we begin with the conceptualization and the design of the entire project. And once we are done with the design of the project, then it moves to the tendering phase. So then we generate the tenders, and the dealer contribution and everything is floated into the tender process. All right.

And then after we float in the tender, we bid the project, and if the project is awarded to us, then we get into the basic engineering, and the detailed engineering, and the site visits and everything. And in the meantime, the construction of the building also starts there, because we support them with the construction drawings and everything, and that they manage the local construction there. And then after that, we enter into the internal fit out, like all the cleanrooms, the complete mechanical, electrical, firefighting process, automation. And then we commission the plant and we validate the handover of the plant to them. And then we also offer them the postage service, like we offer the warranty period. So we manage to give them the services after the post installation of the project. So this is the complete process of the Greenfield project. I hope I am able to satisfy with this answer.

Harsh Maru: Yes, sir. I think that was broadly clear. Just a follow up on that one. So what is the usual timeline in terms of execution, is there any retention money which is involved? And what is the usual credit period given to the customer?

Prayagdatt Mishra: Yes. See Maru, it all depends on the size of the project and what is the volume of the project. So some project, like this is a Greenfield project, some project can take even 1 year, 2 years to get the project completed. And when it is a brownfield project, yes, it is completed in less than 3 months, 6 months, 8 months, 9 months. It all depends on what is the quantum, and what is the scope we are getting there.

And regarding the retention, there is always a retention in the project, like normally 5% to 10% is always the retention, which is being paid to us like after the successful completion of the project. And we are ensuring that that retention should be backed with the letter of credit.

Harsh Maru: Right sir. And just one second question in terms of the competitive intensity, so in the listed space you have Fabtech, and then like how different is our business vis-a-vis Fabtech and also in terms of the competition intensity in the unlisted space, if you could talk about that?

Prayagdatt Mishra: Globally, we hold a good position, and in terms of reputation, in terms of deliveries of the project, we have a good number of successful projects delivered to the client. And I can confidently say like when you mentioned about the competition with the Fabtech, definitely, yes these guys are the older player in our industry as compared to us.

But yes, if you see the, the top line, what they have achieved in like 25 years, and we are almost there in less than 15 years. And that says like we have a better client retention with us. If you see like 50% of the revenue is from the reputed clients. And that is one thing.

And secondly, our response time to the project and the timely completion of the project. We ensure like based on our inventory management, we have a perfect project management tools and everything with us to control and monitor the project on the real-time basis.

So we never defaulted on the time and what we submit to the customer, unless and until something is like majorly wrong from the client side. So we have a better timeline. We have a better client retention. We have a broader range of offerings, as compared to the Fabtech. So that is the competition. And that is the confidence level of our Company in terms of listed space.

And unlisted space like there are a lot of players, like even if you see like there are a lot of offshoot employees from our Company, they go out and they start the Company. But yes, there are lot of limitations in the size of the project, and what they offer and how well they control and understand the technicality of the project. It's not very easy to make the project and execute the project and give it to them on time. So we are not worried about the companies who is there in the unlisted space.

Yes, definitely there are good companies as well, you know. But we marked our presence better and timely. And also we keep upgrading our systems and offering what we give normally. So we invest hugely in the research and development in our projects. Every time you see we learn and we introduce new things, we cope up with the GMP regulatory requirements. So we are very closely working with all the regulatory bodies. So we understand all the accreditations and affiliation, what we have for UGMP, USFDA and EUG and all that norms. So we are very well versed with all these requirements.

So, I guess I answered your question.

- Harsh Maru:** Yes. Thank you so much for the detailed response, and thanks for doing this call. Thank you.
- Prayagdatt Mishra:** Thank you. Thank you. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Prerak from Aarth AIF. Please go ahead.
- Prerak:** Hello. Yes sir. Sir, my next question to you is on negative cash flow from operating activities, what is the underlying reason for the disconnect? And how do you plan to improve cash flow in FY '26 or what are we planning? How much time we will take to become cash flow positive?
- Nirbhaynarayan Singh:** Yes, sir. So we will see the positive cash flow from this year onwards, because the money came in the last quarter itself of the last financial year. So now we will see a good churning in this current year, and with the flow of orders, and the execution plans we have. So we will see the positive cash flow this year itself.
- Prerak:** And what is the timeline and plan for unutilizing the remaining Rs. 11 crores from IPO proceeds?
- Shiv Mittal:** We have already requested to the merchant bankers to release the money.
- Nirbhaynarayan Singh:** So the proceeds from the IPO would be first to, since we are looking for a growth of almost, as said, a range of 35% to 45%, 50%. Some amount would be surely used for the cash flow. Plus, what we are looking is, we have been aggressively evaluating the like-minded companies for probably acquisitions, collaborations. So we have been identifying few companies and over a year or 2 you might find that, we might be acquiring few companies or taking a substantial stake in those companies.
- Prerak:** Okay. And my last question to you is, other expenses have increased by 40%. Can you please list down some of the heads of other expenses? What all is being counted in other expenses?
- Prayagdatt Mishra:** See we are looking for the in-house capabilities enhancement. That will cost us, and the R&D facilities we are going to have, that will cost us. And the exhibition costs, we are planning to

invest more in exhibition. So that's how the operational costs will be higher. But keeping the EBITDA margin at the path of the last year or maybe a little bit higher.

Nirbhaynarayan Singh: So in other expenses, again, there was some major part, covered into the IPO expenses that we incurred. So to talk about, as we are expanding, there is so many things coming in, you know. Probably, the export was almost increased by 15%, 20%. We had higher freight charges, IPO expenses. So that would actually have increased the other expenses.

Prerak: Okay sir. Thank you for the opportunity.

Moderator: Thank you very much. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Thank you very much for the follow-up. Sir, is there any equipment that you manufacture? Is there a manufacturing unit that you house inside the Company? Or do you source everything from trusted vendors? Yes.

Nirbhaynarayan Singh: Yes. So to answer this, probably, this question of yours would enlighten other stakeholders as well. So to answer your question, in HVAX Technologies Limited, as a listed entity, we do not manufacture anything in-house. We have a sister concern company whereby we do manufacture.

So that Company, we have a manufacturing set up whereby me and Prayag are probably the shareholders there. We own 50% lead. So from this Company, probably we buy around 20%-22% of the products abroad from these companies. This Company was established in probably 2012, 2013.

Now, the primary reason of establishing this Company was since we built and execute projects, so 80% or probably, as we say, the supply could comprise of around 60%. We have to buy this material from the vendors, ship it and execute it. Now of this 60%, there are a few critical items whereby you are not able to get the delivery on time.

So this has compelled us to form this Company late back in 2013-14. So whereby, when there are necessities, for example, if there are certain critical projects, whereby the delivery is a big constraint. So we ensure that, since this becomes our Company, they are able to work in shifts and deliver us on time. So the primary reason of having that Company was that.

Now going ahead, the next question would be with the shareholders, why do we have this Company and why is this Company not there with HVAX Technologies, as a wholly-owned subsidiary or maybe a part of HVAX. So the primary reason of that Company, since it existed in 2013-'14, so there is a huge scope of that Company as well to go into the market. Because even today, if you were to see, we hardly buy around 20%-22% from that Company. The rest of the materials are bought from the market.

- Agastya Dave:** Sir, as long as the transfer pricing is at arm's length, it's not a problem. It's not a problem. There is no conflict of interest there.
- Prayagdatt Mishra:** We are taking care of it, at arm's length.
- Agastya Dave:** Right, right, right. Sir, I also had a question that the previous participant asked on the other expenses. So can you share the IPO expenses that you incurred, so that we can exclude that, because that would be a one-off, right?
- Nirbhaynarayan Singh:** Yes, so probably we can share the entire detail expenses on to it. What are these other expenses all about? We can share the detail, the breakup of that part. Not a problem.
- Agastya Dave:** So I am pretty sure your annual reports will have it, whenever it comes out.
- Nirbhaynarayan Singh:** Yes, yes. It will surely have it.
- Agastya Dave:** Okay. Just again sir, coming back to the margins. I was just trying to understand what is the base effective margins that we ended FY '25 at, excluding the IPO expenses. Would it be like closer to 15%? Probably more than that, because IPOs are fairly expensive nowadays.
- Shiv Mittal:** 15% cost, you are talking about cost.
- Nirbhaynarayan Singh:** Excluding IPO expenses.
- Agastya Dave:** EBITDA margin.
- Shiv Mittal:** EBITDA margin.
- Agastya Dave:** Excluding IPO expenses.
- Shiv Mittal:** No, EBITDA margin is excluding IPO expenses. IPO expenses are not covered under this EBITDA. So 14.14% is from operations.
- Agastya Dave:** Understood, understood. So IPO expenses you have taken away from the network directly, right?
- Shiv Mittal:** Right.
- Agastya Dave:** Right. Understood, okay, okay. Sir, you answered a question regarding the tenure of the order book and the execution period, can you go into a little bit of detail about the various segments? Like how much time does it take in Pharma? How much time does it take in hospital on an average, and data center and semiconductors, wherever those start?
- Nirbhaynarayan Singh:** Prayag? Prayag, you there.

- Prayagdatt Mishra:** Yes, I am there.
- Nirbhaynarayan Singh:** Can you take up this? So Prayag, what we are talking about is the timelines.
- Agastya Dave:** Timelines across various segments.
- Prayagdatt Mishra:** The timeline, it never depends on the segment. It all depends on the size of the project. So, even like we are doing a solar project, for example, or we are doing a healthcare project. It all depends on what is the size and the quantum of the project. It is never dependent on the industry.
- Agastya Dave:** Understood, okay, okay.
- Prayagdatt Mishra:** So, typically for pharmaceutical, if it is a larger size of project, that can take almost like 2 years of time as well. And if it is a smaller project, that can be completed even in 6 months' time.
- Agastya Dave:** Understood. Sir, 2 final questions from my side. One is, so when you say that you want to get into LATAM and GCC, and then in other industry segments also. So what is the qualification criteria? How do you enter a new market? If your presence is in Africa, do you showcase your projects that you have done? Do they do a site visit? How long is that process, so that you can get empaneled with a particular client or a new geography or a new sector?
- Prayagdatt Mishra:** Yes, it's a very nice question. To answer this like, since we are very strong in African continent, but it doesn't say that we have not executed any project in GCC or in MENA region. So what we did, we started with some smaller size of projects. We did 1 small project in Saudi Arabia, you mentioned about the GCC. We did one in Algeria. We are doing one in Iraq. So we did fairly like, it's not mega size project, but we did fairly like 2 million, 2.5 million worth value of project there. And we completed the entire life cycle.
- And now, like from the customer feedback and from the regulatory compliance feedback, what we are getting here, these projects have been delivered successfully, and we are compliant with all the norms, what their local authorities are looking out. So that gave us the confidence. So now we decided to go take a deep dive into that industry, in that region basically.
- So we will deploy more and more people there. We will do the groundwork. We'll create more healthy relations with the investors there to get into projects. So that we have already gained the confidence in that region.
- Yes, to answer, we are there in MENA, we are there in GCC, but in Latin America, we haven't done anything. But that is on my cards. So let's hope this year, we will explore that market. Maybe from next year, it can fetch us some revenue there.
- Agastya Dave:** Understood, sir. Understood. Final question, sir. On the capital deployed in the business, I think someone asked this question regarding the receivables. So what is the capital deployed in the

business if the receivables are so loop-sided, because of the end-of-the-quarter phenomenon? Effectively, what is the capital deployed in the business?

And then can you also take us through the nature of the CapEx that you do? If there is no manufacturing in the Company, it seems like more a design plus implementation and execution. More like an engineering set-up rather than an EPC setup. I don't know whether I got that meaning correct. In such a situation, what is the nature of the capital deployed in the business? Is it purely working capital and CapEx is not such a big deal for you? And most of the capital allocation will be just on the working capital side.

And when you also mentioned that one of the users of the funds would be making an acquisition. So what are you looking at there? Again, because there is no manufacturing, I am guessing you are not going to get into manufacturing now in this Company. So are you looking for capabilities which you lack? Or are you trying to get into clients, which you do not have and the target Company could have?

Prayagdatt Mishra: So you are right. The Company's capital is deployed mostly in working capital. And hardly there is CapEx. And in the future, we are going to have certain money to be invested into acquisitions.

Agastya Dave: In what, sir?

Prayagdatt Mishra: In few acquisitions.

Agastya Dave: Acquisitions. Okay. Yes, yes. So what's the criteria then for the acquisitions?

Nirbhaynarayan Singh: So the criteria, as you said, you were asking about 2 things. Whether these companies would add to our clientele. To answer your question, yes, they would add to our clientele.

And the second part, why the companies we are actually looking at, gets in the associated industries. Because as I said, when you use the term turnkey, there are so many things to it. And now what happens is when a client awards you a project, now it has become a common phenomenon that a client wants to get executed the entire project from you.

So in spite of you not rendering few services yourself, the client would expect that probably you are able to render even these services. So because the comfort that you achieve with the client, he is more happy to award the entire project to a single vendor. And since we handle the 90% of it, it is like probably you get it done for us.

So it could be your Pharma machineries, it could be your lab equipments, there are so many things to it. So that is the primary reason since we have this offering, as Prayag said, we have a wide range of offerings. And at times, we are compelled to offer these offerings. So these companies would be in the similar nature.

- Prayagdatt Mishra:** And basically, this will strengthen our backward integration. So we are there with the complete offering.
- Agastya Dave:** Understood sir. Understood. Thank you very much for giving me the opportunity, sir. Sir, kindly do take my suggestions into consideration about the quarterly press releases. That is my only request. And thank you very much for giving the opportunity. It is a very promising business. All the best.
- Nirbhaynarayan Singh:** Thank you, sir. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Nilesh Datkare, an individual investor. Please go ahead.
- Mr. Nilesh, please go ahead.
- Nilesh Datkare:** Hello. Congratulations, sir, for your results, for the solid performance. My question is, given the stock price and lot size, has the Company considered reducing the lot size to enhance retail participation?
- Nirbhaynarayan Singh:** Yes. So we are looking ahead to it. We are just trying to understand the regulations, whether we can offer a split right away or is there a limitation that we have to wait for 6 months, 1 year down the line. So we are not very sure about it. But since we have received this from a lot of shareholders, we are exploring this as to how can this be split, so that it becomes more affordable to the shareholders, so that the shares can be bought at ease. So we know that it is a pricy thing to be a shareholder of HVAX Technologies, on a lighter side, but we are surely exploring that.
- Nilesh?
- Nilesh Datkare:** Yes. Yes. Thank you. Thank you very much, sir.
- Nirbhaynarayan Singh:** Thank you.
- Moderator:** Thank you very much. As there are no further questions from the participants, I now hand the conference over to Sakhi Panjiyara for closing comments. Please go ahead, ma'am.
- Sakhi Panjiyara:** Thank you everyone for joining the conference call of HVAX Technologies Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you for joining the conference call. Thank you. Good day.
- Nirbhaynarayan Singh:** Thank you.
- Prayagdatt Mishra:** Thank you.

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

Nirbhaynarayan Singh: Thank you. Bye.