KRYSTAL INTEGRATED SERVICES LIMITED

(FORMERLY KNOWN AS KRYSTAL INTEGRATED SERVICES PRIVATE LIMITED)

KRYSTAL

May 08, 2025 **KISL/CS/SE/18/2025-26**

The Department of Corporate Services **BSE Limited** General Manager Department of Corporate Services Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Scrip Code: 544149	**National Stock Exchange of India Limited** Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip Symbol: KRYSTAL

Dear Sir/Madam,

Sub: Results Earnings Call Q4 FY25 - Transcript

In continuation to our letters dated April 25, 2025 and May 05, 2025, we would like to inform that the transcript of the Conference Call held on Monday, May 05, 2025, for the Audited Financial Results of the Company for the quarter and financial year ended March 31, 2025, has been made available on the Company's website at https://krystal-group.com/investors-relations/earnings-call-recording-transcripts/.

This is for your information and records.

Thanking You,

For **Krystal Integrated Services Limited**
(Previously known as Krystal Integrated Services Private Limited)

Stuti Kishore Maru

Digitally signed by Stuti Kishore Maru
Date: 2025.05.08 12:32:52 +05'30'

Stuti Maru
Company Secretary & Compliance Officer
Membership Number: A45257

"Krystal Integrated Services Limited

Q4 & FY25 Earnings Conference Call"

May 05, 2025

MANAGEMENT: **MR. SANJAY DIGHE – CHIEF EXECUTIVE OFFICER AND WHOLE-TIME DIRECTOR OF THE COMPANY – KRYSTAL INTEGRATED SERVICES LIMITED**
MR. BARUN DEY – CHIEF FINANCIAL OFFICER – KRYSTAL INTEGRATED SERVICES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Krystal Integrated Services Limited Q4 and FY '25 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

This conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. The statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Sanjay Dighe, CEO and Whole-Time Director of the company for Krystal Integrated Services Limited. Thank you, and over to you, sir.

Sanjay Dighe: Good afternoon, everyone. I would like to wish all of you a warm welcome to Krystal Integrated Services Limited's Earnings conference call for the fourth quarter and full year ended 31st March 2025. I would like to begin this session by expressing my gratitude to all of you for taking time out to join us today. We have on call with us my colleague, Mr. Barun Dey who is our Chief Financial Officer and Adfactors and the team led by Savli.

It gives me great pleasure to address you all today as we stand at the cusp of a spectacular growth journey. Since this is only our third conference call, I would like to share a brief overview of Krystal before we get into the recent developments and business and financial performance.

A brief background for the people who are new or otherwise also because it's been quite some time. Krystal is among the leading and the fastest-growing, well-diversified services provider in the integrated facility management space. Predominantly the services offered are staffing solutions, security services and catering services. So these are the four verticals that we've been operating all these years.

Over the years, we have also strived to become a one-stop shop for all our services, which reflects in our diversified service offerings. This was complemented by our endeavor to develop a nationwide footprint in terms of our customers, our offices and the locations that we service for our customers.

Over the years, we have built a very strong team of skilled workforce, a robust and marquee customer base and obviously a very good quality of Line 1 and Line 2 managers, which are a senior team and their team leaders. So today, we are in four key domains that I explained earlier.

Integrated facility management, which encompasses housekeeping, sanitization, washroom hygiene, gardening, pest control, facade cleaning and various other services that any infrastructure requires to keep it up and running. The second portfolio is private security and manned guarding. The third is staffing solutions and payroll management. And the fourth is catering, which comprises of providing food and beverage services through our corporate kitchen in Mumbai and servicing some of the good corporates here in Mumbai.

Now touching upon some key developments. The year gone by has been particularly very, very eventful for us, marked with several major milestones. Recently, we forayed into the rapidly growing wastewater management and affluent treatment segment. The company has prior experience in executing turnkey projects way back in 2016 and had built a very good team since then.

But this year, the company is focused independently on growing this segment because there is a huge scope here for growth. We have already hired a team of 20 talented members who understand the technical - the technology and the engineering part of it. Also, some are specialized into the ZLD process, which is zero liquid discharge.

Today, the team comprises of professionals from various industrial development corporations and other private sectors as well, which work in this domain. We already had embarked on the solid waste management services, where we have been doing solid waste management for Thane Municipal Corporation. But here, as completing our portfolio as a whole as a waste management, we have now pushed the pedal on water waste management as well.

So in totality, our waste management division has now over 200 experienced people in field. And we are very, very upbeat on growing this portfolio in this coming financial year. Two other new avenues that we have diversified along with this wastewater management is technical facility management.

Technical facility management used to be one odd service that we used to offer in our integrated facility management portfolio. But because of the demand for the services, because of the market that these services have, we have carved out this vertical as an independent technical facility management vertical. And the way we are very, very upbeat on the wastewater management, we have a very planned growth strategy for the technical facility management vertical also.

The second new vertical that we have set as a 100% subsidiary is our B2C line of work. Taskmaster is the name of this subsidiary. And we will be offering this B2C services, which I will delve upon a little later and explain to you. Technical facility management will encompass specialized services requiring very higher skill sets and is expected to be more profitable in the long run.

This also aligns with our strategy to upskill our services portfolio. Services here in encompass MEP, which is mechanical, electrical plumbing, HVAC and AHU maintenance, DG set maintenance and various other equipment that is put and installed in any infrastructure, which requires maintenance.

Taskmaster is what I just touched upon, it's Taskmaster Private Limited. This is a 100% subsidiary as I explained to you, which is going to provide deep cleaning services and everything and all other services that are required by the residential sector, homes, Bungalows, villas and other residential sectors. This is our B2C offering. We've been thinking about doing this for quite some time, and we think this year it's a good year for us to push this B2C product in the market.

Today, thanks to our diversified range of services, not only are we able to cater to almost all the major industries, but more importantly strengthen our business model and offerings. Broadly speaking, some of the key sectors where we are present include healthcare, education, city infrastructure, which covers airports, railways, metros, manufacturing units, retail outlets, entertainment hubs and so on and so forth.

We are present in almost all verticals through either a standalone service offering or bundled services. Our clientele is spread across government organizations as well as corporates across the length and breadth of the nation. It is heartening to say that Krystal's brand value is backed by our most valuable asset, our people on the field. We have 43,300-plus on-site workforce who are our brand ambassadors.

Through our pan-India footprint of 26 branches, the number of customers and locations that we cater to have increased to 461 customers and 3,209 locations across the country during this year. Our quality and consistency of service delivery has won us the trust and faith of our clients, which reflects in an industry level of contract renewals. In fact, our top three customers have been with us since over a decade.

We were also awarded by the Economic Times this year as the "Best Service Delivery Company of the Year" for financial year '24-'25. So I'm very happy to share this news with you. Coming to some key recent orders, contracts. These are indeed exciting times for us at Krystal. Throughout the last financial year, we were able to grow our order book and acquire new customers at a much higher rate than the previous year. In financial year 2025, we acquired 139 new customers, which is a very, very good performance on a national level.

And I'm very happy that our sales team and business acquisitions team are engaged on a daily basis, on a weekly basis to make these things happen. This was vis-a-vis the 76 new clients we acquired in financial year 2024. So we have nearly doubled our rate of customer acquisition this year.

The contracts we won during this year cover a wide range of sectors from airports and metro stations to hospitals, retail establishments and other manufacturing sites including pharma companies, thereby expanding our portfolio of clients both in the government and the private sector.

To just name a few recent noteworthy contract wins over the last quarter, we secured a INR349 crores facility management contract from Tamil Nadu Medical Services, a security services contract from SVC Cooperative Bank, which is Shamrao Vithal Co-operative Bank for managing their pan-India security requirements. We got the staffing contract for Mumbai Monorail stations and INR84 crores worth of sanitization service order from PGIMER, which is one of the very prominent hospitals in Chandigarh.

We further expanded our presence in airports providing bundled services at the Chandigarh Airport, Chennai International Airport and Trivandrum Airports. So these are very, very noteworthy achievements that we have done in the last quarter of the financial year gone by. As I mentioned earlier, a significant milestone achievement was our entry into the wastewater and effluent treatment space, which was through our contract with TPPA, which is a industrial zone in Chennai, which is called as Tindivanam Industrial area.

This contract marked our foray into wastewater management and affluent treatment, which is an exciting new vertical for us. We see tremendous growth opportunities here and Krystal is well-positioned to capitalize on these by leveraging its strengths. This comes as a natural follow-up to our previous foray into waste management, as I told you and I mentioned already the Thane Municipal Corporation.

So these are strategic in nature such that we get prequalification in this space so that in the future, we are ready for much larger projects or projects which are midsized, but have a national presence and are very, very marquee in terms of its margin profile. Further, we secured the 3-year INR167 crores facility management contract and a 5-year INR134 crores staffing and payroll management contract from the Directorate of Medical Education and Research Center, Maharashtra.

Other wins during the earlier half of this fiscal include one with BRFL Textiles, a contract extension in Chennai by the Directorate of Medical Education and Research for Housekeeping and Security and staffing for Nicomac Taikisha Hyderabad plant. On another note, our participation with the Vishnu Prasad Research Centre earlier in the year marks a new chapter in innovation. We will be commercializing this patented bio enzyme technology for solid waste management, which is a high-margin, eco-friendly service in our portfolio.

All these developments demonstrate our ability to scale across diverse verticals and we see immense opportunities in all of them going ahead. An important aspect of our strategy is to harness innovation, science and technology and diversify and evolve into an end-to-end service provider offering technologically innovative services. While doing so, our focus shall always remain on delivering sustainable value for our stakeholders.

I think now I would like to hand over to Mr. Barun, our CFO, to take us through our financial performance. Thank you very much.

Barun Dey: Good afternoon. Now I will first tell you the fourth quarter Q4 FY '25 results. We reported INR413.10 crores in revenue during Q4 FY '25, a 41.39% year-on-year rise. Growth was primarily driven by several new contracts won and executed during the period, coupled with an increase in our average billing per contract. Our EBITDA, excluding the other income for the quarter stands INR26.75 crores, growing 42.28% year-on-year. EBITDA margin improved by 4 basis points to 6.48%.

Cost efficiency in terms of material cost helped offset higher investment in skilled talent, thereby benefiting the margins. Our PAT during this quarter is INR16.91 crores as against INR15.74

crores in the fourth quarter of FY '24. PAT margin stood at 4.09%. Earnings per share for the quarter is INR12.12. Coming to our annual FY '25 numbers. Our revenue for FY'25 came at INR1,212.78 crores an 18.11% year-on-year rise.

The new orders across our service portfolio and higher average billing helped increase top line. Our EBITDA, excluding other income for the year stood at INR77.71 crores, up by 13.15% year-on-year. EBITDA margin is 6.41%. Investment made towards strengthening our talent pool, coupled with investments in new ventures had a bearing on the margin.

Our PAT during the period is INR62.33 crores as against INR49.03 crores in FY '24, up by 27% PAT margin stood at 5.14%, up by 37 basis points. Earnings per share for the period is INR44.61. The Board of Directors has recommended a final dividend of INR1.50 per equity share of face value of INR10 for the financial year '25, subject to approval of shareholders.

This is all from our side. We can now open the floor for questions.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Bala Murli Krishna from Oman Investment Advisors. Please go ahead.

Sanjay Dighe: This is not an extension. And this is a new contract for 3 years.

Bala Murli: Yes. But earlier also, we are doing work over there and the contract was extended till like into December. So I think -- is it of the same area or it is a new geography and what happens to that contract if it is.

Sanjay Dighe: No. So that contract, it is the same contract. It is a re-tendering of the same contract. It is the same geography for the Tamil Nadu district hospitals across the four zones. There was a rebidding which was done because the earlier bids were -- the government of Tamil Nadu decided to in the contract and rebid it. So there are different companies which have submitted the bid across the four zones. It was a competitive bidding.

But as we all know by now, Krystal is very, very focused on the margins. And now that we are listed, we are more responsible. Our responsibility is to give good returns to our stakeholders as well. So, we as a policy do not bid for tenders just for the sake of it unless and until we see value.

So here, though it is the same tender and earlier we were billing higher values. We have submitted we had bid in our own way in our own prudence for all four sectors, keeping in mind our responsibilities. We got one sector here based on our rates. So therefore, the contract is the same, but we now will be servicing one zone earlier that we were servicing three zones. And we are happy here that we have got this opportunity to participate in this tender with the Tamil Nadu government.

We are very, very experienced here in the Tamil Nadu government and we have been servicing this contract for many years now, earlier tenure also. So we are very happy to be keeping our association going for the next 3-year tenure as well.

Bala Murli: That's very good. I think there is no further scope to grab anything from Tamil Nadu, right?

Sanjay Dighe: See, Tamil Nadu is a very, very good state. It also has good programs. And they are also very forward-thinking state. We have a very good presence in terms of our office and infrastructure in Tamil Nadu. And our tender team also is distributed zone-wise. So we have a very active tender team focused on various other business opportunities in Tamil Nadu.

So yes, we have our eyes open there, our evaluation there. So whenever we feel there is a good opportunity where we are able to add value to the government through a proper financial assessment of these tenders, we will be happy to submit our bids. So it is a very good market and we have good presence there. We will always keep our eyes open and see what is there in store for us.

Bala Murli: Regarding this contract wins from Airport Authority of India, I think the airports which are we win almost are managed by Airport Authority of India only. So, do we see that we have scope and any discussion with the private airports, which are large airports like Hyderabad, Mumbai, Delhi? So, do you see any scope and what could be the margins in this segment as compared to other segments?

Sanjay Dighe: See, Mr. Bala our presence in airport has been there since the year 2006, 2007. So we are one of the most experienced players when it comes to managing of airport terminals. And we are participating. We have the experience of working with GMR, GVK also and now the Adani Airport also. We are anyway offering our services at the Mumbai International Airport, the international terminal.

But while we are pursuing our business with the private players, we are also not forgetting the Airport Authority of India terminals, because they have more than 100 terminals nationally and that is also a good footprint that we plan to have in our portfolio. So therefore, we bid for both the private airport business as well as the government airport business.

Bala Murli: So on margin front, could you comment on that how bigger margin in this?

Sanjay Dighe: I will not be able to comment on the margin because it's a little price-sensitive issue. But as you know, we get into businesses to ensure that we add value to the organization and to our investors as well. And at the same side, we are very prudent as to when we acquire business, what kind of qualification criteria it will build for us in the long run. So these are two areas where we are very mindful.

So I will not be able to disclose specifically. But please be rest assured that when we are entering into businesses, it is keeping at the end of the day, the entire value proposition in mind.

Moderator: Thank you. The next question is from the line of Rahul from Monarch Networth Capital Limited.

Rahul: Hi, good afternoon sir. Congratulations on a good set of numbers, sir. Just two questions from my end. Sir, just wanted to understand the potential of the new businesses that we started, water waste management, what are the kind of contracts we can probably bid for and the Taskmaster, how many cities have we kind of launched in and by when do we expect some kind of revenue to start coming in from here as well?

Sanjay Dighe: Good questions both. I'll answer the first question. Now, the waste water management, this is a very, very big opportunity. It is a big area. And also this has a combination of both the angles. A lot of MIDCs, which have set up their plants even under the Make in India or which were existing, there are the affluent treatment plants or CETP.

They are somewhere they are owned by the government and somewhere they are proposing that the manufacturing units themselves put that to meet with the green and environment-friendly requirements set by the global and government standards. Now, if you see today the manufacturing this thing in India has a lot of multinational also Indian companies. So there are a lot of environmental compulsions.

So therefore, this CETP, ETP managing the wastewater is very, very crucial. There are other players who may be doing that. We are focusing on a sector wherein we will do two to five MLD kind of projects, which are midsized projects, small projects, but marquee projects. And also the turnaround of project completion cycle is going to be faster.

So we are very specifically got into this kind of segment and we have put up a very good team that I said in my opening remarks here. Also, because it is project-based, it also has a built-in operations and maintenance for the 2- to 3-year tenure. So you have a pipeline also of business. And importantly, also, it has a much better margin profile than our existing business that we are doing.

So, in combination, it is a good sector to be in. Anyway, we have offices nationally 26 offices. So our reach in these MIDCs is already there. We are not doing anything new to go and approach that. We also have our industrial corridor offices where we are anyway giving services and various type of services through our IFMS staffing payroll.

So it is the same geography. We already have the team. We already have our establishments there. So there is no cost for us of going and entering in acquiring this kind of business. It is just a very wise thing for us to extend this nationally. And we have tasted success in Tamil Nadu, which is the first one. And then nationally, we are already our sales team which is independent for this vertical is already in talks to several MIDCs while we are talking.

Secondly, the Taskmaster Private Limited is a B2C. We have put a team for this B2C. Anyway, we used to do a couple of high rises in terms of buildings or townships, but we never extended our services inside the home. It used to be always outside the home in a public area. But now we have consciously set up a new team. This is a good market. There are other players, which all of us know who are already doing that. But they are doing everything.

We are just focusing on the business that we know well, which is infrastructure management. All our competencies, we are extending it to the residential sector. Two upside here is we have our own training academy at Vashi. We have a national training program. We have training curriculums. We have -- our training division is led by some prominent defense personnel. So when somebody goes to an apartment, there are two things. One is a backup of a 25-year-old company, which is into this and not just an aggregator.

Second is they can be -- the training can be guaranteed. And because we have a mechanism of evaluation of hiring people, which is a very standard norm while we are providing our services to our customers, the resident can be very sure that they are already security check done when they are coming into your house. So a very focused approach. Expectation from a resident or a family is a much superior quality of services, security check done of the people who are deployed there in their homes.

And thirdly, well-trained, well quality and a knowledge backup of training of a 25-year-old company. So all our experience, we want to bundle and get it through to your residence. We are doing it through - we have small e-rickshaws that we have and we will - they are custom-made to carry our vacuum cleaners and other machines and they will come over to your doorstep and do this.

You asked me in terms of geography. Currently, we have started this in Mumbai itself. We plan to expand this into Mumbai in the various suburbs in the western suburb in the town side, etcetera and then slowly move towards Alibag. We have some customers there who have very, very good villas and open that holiday home and villa and luxury villa space there and then in Goa.

This year, we want to establish this in these three sectors. And then obviously, because we have a pan-India metro presence, we aspire to offer these services in all the metros. But this year, we will be in these three geographies. You asked me if the billing has started coming in, yes, I'm very happy to say that the billing is already happening now on a daily basis. And we are doing other things like the digital and all those things are under construction. And you can -- people can book our services and start Gpaying us.

It's a cash business. So it's a cash on delivery kind of a business. So we are very, very bullish on this vertical as well. As our 100% subsidiary, this will add very good value to our consolidated numbers going forward.

Rahul: Sure, sir. That's very helpful. Sir, just one last question from my end. Our trade receivables have seen a sharp increase. Any particular reason there?

Sanjay Dighe: I didn't get it. Can you ask me – repeat again?

Rahul: Our trade receivables have gone up quite sharply. Any particular reason?

Sanjay Dighe: Yes, because we've gotten into many new contracts in the last year, also in the last quarter 3 and quarter 4. So while these businesses -- we start this business, the entire process of documentation, billing takes a little time and one has to give that for both parties to understand. So therefore, you are seeing a little variance in these numbers.

But over a quarter, they get streamlined because the entire process gets streamlined. So on quarter -- because every quarter, we will add new business. So if you add one or two very big businesses or like we've added the hospital here and all those things. So therefore, you see this kind of variance. But over the quarter, these numbers get streamlined once we understand the processes.

Rahul: Sure, sir. That's very helpful. Thank you and all the best.

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

Deepak Poddar: Yes. Thank you very much, sir for this opportunity. Sir, just wanted to understand, first up, on what sort of growth we are looking at for this year FY'26 and something on the sustainability of this fourth quarter performance? I mean, how do you see that?

Sanjay Dighe: Yes. We have -- I mean, the way that even I have explained to you in a very transparent manner, we are very, very well geared to continue the same growth trajectory, the way that we have -- so we will definitely maintain our growth because we have that kind of team. We have a very healthy pipeline and our prospects look very, very good. So we will continue this.

And the Q4 performance also, we will obviously keep on performing quarter-on-quarter because our work goes on a daily basis. So the process of business acquisition, evaluation it just doesn't stop. So we will continue the growth, Deepak, the way that we have grown. And we will also continue the growth in the last quarter that we have done.

Deepak Poddar: So sir any range we are looking at, I mean, in terms of for this year as a whole, FY'26, I mean, I think in fourth quarter, we grew by about 40%, right? But on an annual basis, we grew by about 18%, 19%. So, what is the growth range one should look at?

Sanjay Dighe: You should expect us to be somewhere in that zone only. I mean the aspiration for any company is to do better only. So there is nothing stopping us from doing better. But to be very realistic on the call that I'm doing to you and the expectations, we will continue the way that we have grown.

Deepak Poddar: I mean 18%-20% is what we are targeting?

Sanjay Dighe: We will continue the way we have grown.

Deepak Poddar: Okay. We'll continue the way. And any fundraise also we are planning?

Sanjay Dighe: We've already taken Board's approval in the last Board meeting for fundraise for INR300 crores for our various projects. But of course, in the current scenario, we were not able to do that. So we have -- now we've just finished our Q4, and we are into this call. So we have already an approval which we have got. Once we finish the formalities of closure of this financial year, then we will sit and we will figure out how we are going to go about it. And obviously, everybody will come to know.

Deepak Poddar: Okay, understood. That should be it from my side. All the very best. Thank you.

Moderator: Thank you. The next question is from the line of Raushil from Pinc Wealth. Please go ahead.

Raushil: Good afternoon, sir. Congratulations for the great set of numbers. Sir, my question is that just wanted to understand the pricing environment for the new contract has been better compared to last year?

Sanjay Dighe: That is a good question. The pricing environment is in the corporate side it definitely is looking a little better for two reasons whoever listening also. We have been acquiring customers which are very good and who value good quality service. So I will say that the pricing environment is a little better than what we have been seeing post pandemic. There are lot of noise there we can't hear you.

Raushil: Now is it audible sir.

Sanjay Dighe: Yes.

Raushil: My second question is that since you said that bio enzymes patented technology which we have is going to be commercialized soon. So when can we expect to be commercialized and how big opportunity in terms of revenue we can make over there?

Sanjay Dighe: See this is a very big opportunity and for us commercializing this is a next step, something that we have already been doing. As you know we are already doing the collection the waste collection and disposal of solid waste for a municipal corporation. Now we are just taking the decision in terms of usability of this bio enzymes to reduce the legacy waste which is there. So, once we are qualified for one municipality, we obviously get qualified for all municipality across the country.

So there are 28 states and union territories you can imagine the municipal corporation and you can imagine the potential of this business, it is huge and the bio enzymes are there, legacy waste is there in every city, every town, every state. So it is just a matter of time to break ice with the government system there and it is a long term business. So once we are in it, it just keeps on going because waste is created on a daily basis and your home, my home in plants and offices.

So it is a business in perpetual and we are very competent to do that because we are a large organization with a large footprint and our reach out is tremendous over the period of time that we get. It is a very good opportunity. So all the opportunity whether it is waste, whether it is IFMS, whether is manned guarding, staffing payroll, technical FM and even this sustainability. We need to be -- we are extremely bullish on the diverse portfolio that we have created.

Raushil: Sir, when can we expect the approval from the Thane Municipal Corporation for this bio-enzyme? Is like anything can be visible from your side?

Sanjay Dighe: The discussions are going on not only in Thane, but with many municipal corporations. So, the moment we get an approval, you all will be the first people who will come to know.

Raushil: Sir, my third question is that since we are venturing into a new business like wastewater and like Taskmaster. So, just wanted to understand that, you said that in terms of margin, those business will be accretive, but in terms of capital allocation. So, once those business gets a growth, are we going to see an improvement in ROCE and ROE.

Moderator: Sorry to interrupt you, sir, but I would like to request you to rejoin the question queue. The next question is from the line of Kunal Lakhani from Inga Ventures. Please go ahead.

Kunal Lakhani: Good afternoon, sir. My question pertains to the tax expense. Sir in quarter 4 we can see there is a disproportionately higher tax as compared to previous quarters. Sir want to know what is the reason behind this, this is a one off adjustment, any clarification on this?

Sanjay Dighe: I think I will leave Barun to answer these questions.

Barun Dey: Can you repeat your question?

Kunal Lakhani: Yes. Sir, in quarter 4, there has been a disproportionately higher tax outgo compared to the previous quarters. So, is this a one-off, if you can clarify on this?

Barun Dey: Yes, because quarter-to-quarter, we have factored taxation part normal to this, but in the year-end, we are factoring all tax factors, all put together it is an annualized impact and that is why it is on higher side.

Kunal Lakhani: Okay. So, can we expect this in every year, each year?

Barun Dey: No.

Kunal Lakhani: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Raushil from Pinc Wealth. Please go ahead.

Raushil: Sir, my question is that, since we are venturing into the new business, wastewater and Taskmaster and the margin -- there is a margin accretive also, we just wanted to understand on the capital allocation side, will there be an increase in ROCE and ROE also over the long run?

Sanjay Dighe: No, I do not think so.

Raushil: So, ROCE and ROE will be like maintaining the same what we are doing?

Sanjay Dighe: Yes, absolutely.

Raushil: And sir my last question is that, I just wanted to understand your thought process regarding the security personnel management business. So, since there has been – now we have been seeing a lot of automation or hardware like CCTV cameras and automation has been applied. So, going forward in the long run, do we see that the requirement of security personnel will be less?

Sanjay Dighe: We have already made our assessment there and the cameras and the other technologies, they have been there since a couple of decades now. So, which has not stopped the growth of manpower. It is a good complement, both of the technology and manpower complement each other.

And there are so many areas, even today nationally, we do not have the internet and WiFi. Also, there are many other pockets in the city where there isn't any infrastructure. So, it is always now we are moving towards the combination of both. So, the manpower will continue, requirement of manpower will continue to happen. But also, we will have a value-added proposal to combine the technology with it. So, if you ask me, it will be a dual benefit for us.

We will be able to deploy people and also be able to deploy various technologies and other technology-driven services as an add-on feature to our customers, which will just add to our entire portfolio.

Raushil: Okay. Thank you, sir. Thank you for answering our questions.

Moderator: Thank you. Next question is from the line of Agastya Dave. Please go ahead.

Agastya Dave: Thank you very much for the opportunity. Sir, congratulations on a great set of numbers. Sir, one question is on the way we are doing accounting. So, in your standalone numbers and in your consolidated numbers, I see a minority interest component. There is a non-controlling interest, which you are attributing to the parent company.

So, I want to understand, first of all, which is this parent company and which business is having a stake in some of your subsidiaries? I could not figure it out when I went through the annual report. That is why I am asking this question?

Sanjay Dighe: This is pertaining to a small JV that we did way back when we did our first CETP project for Ambernath. So, it is a JV, which is Aqua Chem. It is just one-odd JV that we did. So, sometimes when we go for acquiring business, it is that way. So, it is just a one-odd JV, which is there.

Agastya Dave: So, as the company grows this amount will remain constant because that project itself is not growing, right?

Sanjay Dighe: Yes, that project is also closed. I mean, it will close. It is on an O&M stage. So, once that O&M tenure gets over, it will get closed.

Agastya Dave: All right. So, one suggestion, sir, just following the proper practices and just to avoid this confusion, the P&L mentions this minority interest, but the balance sheet does not. And I checked the schedules in that you are clubbing this as part of networth. The general practice is, there is nothing wrong about it, but the general practice is that it is shown below the networth as a separate NCI or MI line item in the balance sheet, consolidated and standalone both. Because technically, this is not something I as a shareholder will have access to, this is not part of my earnings. This is your JVs, like it is a minority interest. So, it would be better if you show it separately?

Sanjay Dighe: Yea, point taken, Agastya.

Agastya Dave: Thank you. Sir, my second question is...

Moderator: I am sorry to interrupt Mr. Dave. Maybe please request you to...

Agastya Dave: No, you allowed the previous guy five questions.

Moderator: Sir, we have less time.

Agastya Dave: I have asked only one question. You have said two questions. I have asked one question.

Sanjay Dighe: Go ahead.

Agastya Dave: I put in the request link at the beginning of the call and I have no – you have allowed other people follow up.

Sanjay Dighe: Go ahead, Mr. Dave.

Moderator: Please go ahead, sir.

Agastya Dave: Okay. Thank you. Sir, my next question is, I understand the base business and the trajectory that you will have in that. But in the new businesses that you are starting, sir, how quickly will they ramp up? So, for example, this wastewater business, next year what kind of run rate can we see from this business and will it break even next year or will we have in these two divisions, will we have some starting up losses?

Sanjay Dighe: I'm very happy that you got the chance to ask me this question.

Agastya Dave: Sir, I put in the request at the beginning of the call. The moderator has allowed people follow up questions and he has not taken my first question. And then I got dropped thrice. It's very, very irritating the way the moderator. And there was a previous guy. He asked you a question. This guy allowed him to ask the then interrupted him when you were about to give the answer. So, they moderate in such an idiotic way that it's beyond - sorry for the rant, but I apologize for that. So, please go ahead, sir.

Sanjay Dighe: No. Thank you so much. And I'm very happy that we are talking here because you have asked a very good question. I wanted somebody to ask that because this is a new area that we've gotten into. And though we say it's a new area, we have the expertise and we had put in a team way back in 2016-2017 to do this.

This is a very good space that we are into. And because these are project-based businesses, the break-even there is nothing like breakeven because once the project is over, we've already taken all our build money and revenues and the major chunk -- we've already booked our profit. After that, it is a two-year, three-year O&M, which we are getting paid for on a monthly basis.

So, it is a very good business to have because it's a cycle. We just -- it's an 8 month, 9 month project, you do the project, you get the money and you're out of the project. It's a very good line to be in.

Agastya Dave: So, we won't have any short-term losses?

Sanjay Dighe: No, not at all.

Agastya Dave: Great, sir. Thank you very much, sir. Kindly consider the changes to the minority interest on the balance sheet. Other than that, sir, thank you very much for taking my questions. All the best.

Sanjay Dighe: I will do that. You have a nice day.

Agastya Dave: Thank you, sir.

Moderator: Thank you. Next question is from the line of Aakash Javeri from Time and Tide Advisor. Please go ahead.

Aakash Javeri: Hello, sir, and thank you for the opportunity. So, my first question is that we had mentioned that for the wastewater segment, we have a 1,000 crores outlook for the company in the next 18 months. Are we on track for that and apart from the INR20 crores order that we have received for this division, have we got any more orders?

Sanjay Dighe: Yes that is good question. We had a particular business plan. We had already evaluated pipelines. We had already evaluated which tenders or projects that we will go ahead and evaluate, bid for work around. Only after that, we have gone ahead and made the announcement that we will have an order book position of 1,000 crores in the next 18 months.

So, when we did that announcement, it was a very well-studied announcement. Otherwise, we definitely won't have done such announcements in this domain. So, the team is there. It is working on a daily basis. The evaluation is going on, on a daily basis. And there are some very good projects that have been worked out on a national level, whether it is East, West, North, South.

As I told earlier, the companies, the plants and the other government bodies are very mindful, given the environmental compulsions. And the segment also that we are playing this is very, very healthy for us. And so, we are very optimistic that we will stick to our projections in this financial year.

Aakash Javeri: Sure, sir. And sir, in catering we have been growing at a great pace. We have gone from INR30 crores to INR74 crores in FY25. Sir, can we continue this trajectory or because I know that we have only one kitchen in Kalina. So, are we planning to put more kitchens or have we reached optimal utilization in this division?

Sanjay Dighe: See, we still have space for manufacturing food in our current kitchen. We have not reached the optimum level of customers that we are servicing. So, there is, again, the nature of business is twofold. One is the production which happens in the kitchen and one is the production which happens onsite. So, because we are pushing for business in both the domains, so the prospect of growing this business is also very high.

And even if we reach the optimum level of our production in the kitchen, the business that gives us the leverage to manufacturing food at other locations which is away from the kitchen. So, totally, I think it is good potential. We have done very well this year and we aspire to continue that growth going forward.

Aakash Javeri: Sure, sir. That's it. Thank you from my side.

Moderator: Thank you. Ladies and gentlemen, because of less time, we are taking only one question per participant. So, I request you to restrict your questions to one only. Next question is from the line of Pankaj Motwani from Equirus Securities. Please go ahead.

Pankaj Motwani: Thank you for the opportunity. So, my question is on the staffing and payroll management side. So, I just want to know what is the typical nature of the contracts in this segment. Are they primarily structured basis on the fixed fee arrangement or based on percentage of fees bill? Because the intent behind my question is to understand the sensitivity of the margins in this segment because of the fluctuation in employee cost. So, that's my question?

Sanjay Dighe: Yes, Pankaj, good question. Now, we are already doing staffing for a range of industries, whether it is manufacturing units or metro rail or whatever. So, it is all percentage of the – it is a management fee based percentage of the CTC and it is not per person based. So, these are all two-year, three-year contracts which we have. So, it is a good business to be in. And now that whether it is the metro rail or so many others, other government bodies are also now outsourcing.

So, we are a little mindful of not getting into per person wage kind of deal. We only get into staffing payroll management work where it is a management fee based. So, where we do the entire billing and based on the billing, we charge the agreed management fee. So, whenever the billing increases, obviously the management fee increases.

Pankaj Motwani: So, margins remain the same because of if there is an increase in the employee cost because of the wage inflation so our margins remains sustainable?

Sanjay Dighe: Yes, margins always remain sustainable.

Pankaj Motwani: And just a follow-up on this question, can you provide the EBITDA margins of each of the segments?

Sanjay Dighe: We do not work on each segment-wise EBITDA margins because many a times these are bundled service offerings that we give. So, therefore, it becomes very difficult.

Pankaj Motwani: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Prachi from Phillip Capital. Please go ahead.

Prachi: Hello, sir. Congratulations on good set of numbers. Hello, am I audible?

Sanjay Dighe: Yes. Thank you, Prachi.

Prachi: So, under the current assets, loans and advances have been increased significantly. So, last quarter you have said this was provided to the related parties. So, are there any plans of reducing this?

Sanjay Dighe: Yes, we have plans of reducing this over a period of time.

Prachi: Okay. Because we see, when we compare it by FY24-25, it has been increased significantly?

Sanjay Dighe: But we plan to reduce them as we go forward.

Prachi: Okay. Thank you, sir.

Moderator: Thank you. Next question is from the line of Hemaant Soni an Individual Investor. Please go ahead.

Hemaant Soni: Sir, thank you for providing me the opportunity. Sir, I just wanted to ask you one thing. Like, initially, we had given a guidance of 20% to 25%t year-on-year growth for the next two, three years. But if I take a look at the FY25 numbers, I think we have those two sides. I do not remember the exact number. I think it is 14%. What was the reason for the shortfall and I mean, I also saw the operating cash flow is negative. So, can we expect, I mean, 20%, 25% kind growth from FY26 onwards?

Sanjay Dighe: Yes, we have always remained that we will be in that zone. So, this year also we are in that zone. We have, I think, 18% plus is what our growth. So, we have said for the benefit of our valued investors only like you are, that we will continue to grow in this scope. We evaluate businesses so that we are adding healthy margins and also maintaining the zone that of our growth of the top line.

And so, going forward also, anybody can expect us to maintain the same trajectory also by way of we adding these new two businesses in the portfolio which are better, they also have a better margin profile. So, overall, we see similar growth and very much numbers that will add value to our shareholders like you. And in terms of your other question which was there that is…

Hemaant Soni: Operating cash flow is negative?

Sanjay Dighe: We have working capital which we have acquired very new businesses. So, that is pertaining to that, you see that negative cash flow.

Hemaant Soni: But what was the reason behind the shortfall in FY25 you have not stated that. We were targeting the -- even if I consider the lower end, it is 20%?

Sanjay Dighe: So this -- I think the positivity you will see in the current contracts, because the new contracts that we have, they will give you a better margin, you will see a better number this year.

Hemaant Soni: So, 25% is doable in FY26?

Sanjay Dighe: We will not be able to comment on that, Hemaant bhai, but…

Hemaant Soni: Any range, 20-25?

Sanjay Dighe: We will not be able to give that range, Hemaant bhai, because we are talking always about a zone. But try and understand where I am coming from and I am sure you have heard the call, with the kind of businesses that we are into, with the kind of now Pan-India presence that we are into. Aspirationally, it is always better for any CEO, the aspiration is to better the numbers. Nobody would like to be stagnant. So, try and understand.

Hemaant Soni: But we had already given a guidance earlier, sir, during the time of our IPO, I guess. So, what stops us in giving the guidance?

Sanjay Dighe: We will always try to achieve and give you the best numbers, Hemaant bhai.

Hemaant Soni: Sir, that is fine, that I understand, sir. But, I mean, what is stopping us, this is what I wanted to know, because we had earlier given the guidance. So, I mean, are you seeing some sort of...

Sanjay Dighe: You can take a similar guidance of 20% to 25% zone as a guidance that we have and we will keep on growing in that zone.

Hemaant Soni: Okay, sir. Thanks a lot. Thanks a lot, sir.

Sanjay Dighe: Thank you so much.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for the day. I would now like to hand the conference over to Mr. Sanjay Dighe, CEO and Whole Time Director, for the closing comments. Over to you, sir.

Sanjay Dighe: So, I thank the entire -- I thank everybody who have called and who have reported themselves to call. And I thank people for asking questions. There are so many things that we learn from these questions as well. So, absolutely delighted to answer all the questions and thank you for finding out time to ask me these questions. Always happy to answer you.

I thank the entire team of Krystal Integrated Services Limited nationally, all departments for putting in their untiring efforts, their hard work and dedication, which drives the company forward through various market conditions and geographies. I thank the promoter family for bestowing all their trust in me and my senior team to take the company forward. Thank our bankers.

Thank my valued customers who have stood with me with all their loyalty and also, I thank our IR company, Adfactors, Savli and her team, the moderators. I hope they do a little better job next time. And that's all. Thank you. Thank you very much and wish you all a very good day.

Moderator: Thank you. On behalf of Krystal Integrated Services Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.