



**“Atam Valves Limited
Q4 FY '23 Earnings Conference Call”
May 12, 2023**



**MANAGEMENT: MR. AMIT JAIN – MANAGING DIRECTOR – ATAM
VALVES LIMITED**

MODERATOR: MR. VASTUPAL SHAH – KIRIN ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Atam Valves Limited Q4 FY23 Results Conference Call hosted by Kirin Advisors. 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 star then zero on a touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors. Thank you and over to you Mr. Shah.

Vastupal Shah: Thank you. Good afternoon everyone. On behalf of Kirin Advisors, I welcome you all. As this is the first conference call of the company, there will be a brief introduction about the company and industry, followed by a financial update for the Q4 and FY23 and then followed by Q&A. Now I would like to welcome Mr. Amit Jain, Managing Director of Atam Valves Limited. Amit ji, welcome to the call.

Amit Jain: Thank you Vastupal ji. Hello everyone this is Amit Jain, Managing Director of Atam Valves Limited. Conference call are an opportunity for us to interact with our investor community. On behalf of the company, I welcome you all to the first conference call of Atam Valves Limited. As we are connecting for the first time, I would like to brief about what we do. Atam Valves Limited is one of the leading manufacturers of industrial and plumbing valves in cities. The company is known for innovation and product quality and manufacturers gate, globe, check, ball, butterfly, steam traps, boiler mounting and accessories and other industrial valves and fittings.

Companies valves are used in many renowned industries like oil and gas, refineries and petrochemicals, chemicals and pharmaceuticals, marine, mining, water and wastewater, textile, sugar and HVAC industries. Companies facilities are spread over 63,000 square feet. The company has three foundry shops, one each for non-ferrous stainless steel and carbon steel, carbon and alloy steel with multiple molding foundry processors.

Atam Valves Limited is an existing 35-year-old entity with three generations working towards our mission of becoming the leader of manufacturing and exporting industrial valves, fittings and boiler mounting. Today we have 500 SKUs serving over 300 clients. Our current staff strength is 500 people. We have a strong pan-India dealer network of 750 numbers, which we intend to take to 1,000 numbers. We serve over 300 clients and few of our marquee clients are Thomex, NTPC, HPCL, BPCL, Adani, Ganesh industrial suppliers, Universal Mills Store, Raman Sales, Global Flow, Chima Boilers.

Our top 15 clients contribute 80% of sales. Our international presence is 3% with presence in South Africa, USA, UK and Indonesia. The company intends to increase its presence in the United Arab Emirates, Saudi Arabia, Tanzania, Kenya, Russia. To talk about revenue contribution from our business verticals, Boilers contribute to 30% sales, Domestic contributes 40% of sales, Hydro projects contributes 10% of sales, Other products contributes 20% of sales.

I am happy to announce we are entering into a new business vertical of bathroom faucets and allied items. We plan to invest INR30 crores and launch our bathroom faucets and allied items project in either for the first or second quarter of FY 2023-24. We are confident that this expansion will have a significant positive impact on overall revenue and growth. Let me give you an industry perspective of the valves as well as boilers' industry. Firstly valves, the global industry market size is estimated to be \$80.4 billion in 2023, which is expected to rise at a CAGR of 4.4% to \$99.8 billion by 2028. Asia Pacific held the largest share of the industrial valve market in 2022.

India has significant market share in the industrial valve after China. Demand drivers of valves are healthcare and pharmaceuticals, establishment of smart fitting globally, rapid deployment of connected network to monitor valve conditions and predict system failures are the major factor driving the growth of industrial valves market. Industrial valves market and dynamics, increasing need to establish new power plants and revamp existing ones, rising demand for AI integrated valves for intelligent water supply. Show valves held the largest share of industrial valves market in 2022. Now let me talk about boiler industry.

The global industrial boiler market size was estimated at \$15.31 billion in 2022 and it is extending around \$23.5 billion by 2030 with a registered CAGR of 5.5% from 2022 to 2030. Growth drivers, the rapid industrialization and stringent government regulation pertaining to carbon and other harmful emissions are expected to be the major drivers of the global industrial boiler market. The rising and used application of the industrial boilers across various industrial verticals such as food and beverages, textile and consumer goods is spurring market growth across the globe.

The shifting focus of the government towards the development of large capacity industrial boilers is fostering the growth of the global industrial boiler market. The exponential demand for the industrial boilers in the chemical industry is the major driver of the global industrial boiler market. Asia Pacific is estimated to be the most opportunist with the rising government initiative to attract FDIs. The presence of a huge population is offering growth opportunities to the manufacturers of various industries like food and beverages, chemicals and textiles. The boiler market in India is growing fast at a CAGR of 24.53% with the ever increasing energy requirement of the nation.

The thermal power plant that is coal and gas based generation are the key drivers of this growth of the Indian boiler market. Other than them, it's the biomass power plant which drives a small segment boiler market. The outlook of the segment is positive as the nation is poised to increase its installed capacity thus creating new business avenues for the equipment manufacturers. The company entered equity market by SME IPO on DSC SME in raising INR4.5 crores in July 2020.

Today I am happy to announce that the company has migrated to the main board of NSE and DSC from DSC SME on 10th May 2023. Migrating to the main board is a big milestone for the company. This would provide a boost to the growth of the company and attract more investors and provide the further growth capital to help the company for future business growth. Now let me take you through the performance of the company during quarter 4 FY23

and FY23 as a whole. For quarter 4 FY23, the company reported revenues of INR19.82 crores up by 193%. EBITDA of INR4.50 crores up by 369%, PAT of INR3.30 crores up by 432%. For FY23, the company reported revenues of INR49.25 crores up by 141%. EBITDA of INR11.16 crores up by 246%, PAT of INR7.67 crores up by 460%. Now I open the forum for the question and answer session.

Moderator: Thank you. We will now begin the question and answer session. Our first question is from the line of Mr. Rahul Yadav from Nibiru Finance. Please go ahead.

Rahul Yadav: Good afternoon. First of all, my heartiest congratulations on stupendous performance. My first question is that when are we planning to launch the bathroom fittings range?

Management: Thank you, Mr. Rahul. As I said earlier, we are anticipating in the first and fourth second quarter of this financial year, 23-24.

Rahul Yadav: Okay, thanks.

Moderator: Thank you. Our next question is from the line of Sahil from Corporate Cap Ventures. Please go ahead.

Sahil: Congratulations, Mr. Amitji, for reporting extraordinary performance in this year. We have observed that the company has reporting very good margins in this year, so I just wanted to check how sustainable they are in the future.

Amit Jain: Sorry, can you repeat your question, please? Thank you.

Sahil: We have observed that the company has reported a very good margin, operating margin and profit margins in FY '23, so I just wanted to check how sustainable these margins are in the future. This is achievable, very much achievable, because the way we are expanding, the way we are expanding our network along with the product range, so this is quite achievable, so it's not going to be a big problem.

Sahil: Okay, that's great. I have another question on bill receivable as well. We have observed that the bill receivable has been constantly increasing year-on-year basis, so is it the industry standard that generally the bill receivable days are falling to this range or maybe you can just throw out some commentary on it?

Amit Jain: As far as this question is concerned, we have observed in the last quarter that there was quite a steep increase in sales, so accordingly the market takes about 90 to 120 days, so that's why you can see the quite difference in the payment circle.

Sahil: Okay, so are we expecting some lower days in the coming period?

Amit Jain: Yes, we are introducing some new streams, like we are offering cash discounts or turnover discounts if customers are paying earlier, so we are anticipating that we can achieve it in 90 days.

- Moderator:** Thank you. Our next question is from the line of Supriya Kerkar from Kojin Finvest. Please go ahead.
- Supriya Kerkar:** Yes, thank you, sir. I just wanted to understand that you are into industrial valves and with your son, the third generation is coming into the business, you are entering into the possible business. So going forward, what will be the beginning of the company and what will be the focus of the company?
- Amit Jain:** See, every company wants to grow, so with the third generation getting into it, we want to become the biggest brand all over India, which is known all over India, and to have our presence in the biggest cities. So that's our moral motto that we want to achieve.
- Supriya Kerkar:** Sir, but then you already have a pan-India presence in the valves and faucet is all together, totally a different business as if you were connected with the valves...
- Amit Jain:** So with the valves, we are known among those who are actually using valves, and with the faucet, we'll be known among everybody, even the household people, every person would know what the Jaguar is, right? So Atam Valves will be known among those who are using the valves in their pipelines or in their industry. But with the faucet, you are known among everybody. So that's the whole criteria.
- Supriya Kerkar:** So you mean to say that the existing customer you wanted to target for your faucet business also?
- Amit Jain:** Not the existing customer, but Yes, those who are into plumbing business, yes, they can help us.
- Supriya Kerkar:** Okay. Sir, I just wanted to understand, coming down to your main business of valves, can I have a breakup for whatever you receive the revenues from the boilers or the domestic appliance and the hydro projects? That segmental revenue breakup is it possible for you to give it to me?
- Amit Jain:** Yes, in my opening speech, I have already given the data about boilers we are contributing, they are contributing almost 30% off of the sale. With the domestic, we are getting 40% of the sale, hydro projects for 10% and other products 20%.
- Supriya Kerkar:** Okay. And sir, what is your top 10 customers contribution?
- Amit Jain:** Around 40%-50% from the top 10 customers.
- Supriya Kerkar:** 40% to 50%?
- Amit Jain:** Yes.
- Supriya Kerkar:** Okay. Sir, isn't it a risk of a concentration there then?
- Amit Jain:** Sorry?

Supriya Kerkar: Isn't it a risk of a concentration over there, the business concentration over there?

Amit Jain: No, that is going to be a total separate line and my son is going to control that. So, we have separate network for those and we have separate teams to sell the product.

Moderator: Thank you. Our next question is from the line of meet Meet Katrodiya from Niveshaay. Please go ahead.

Meet Katrodiya: Sir, what is your guidance for the top line and margin in the future?

Amit Jain: Sorry, you have to repeat your question twice.

Meet Katrodiya: Yes sir, what is your guidance for the top line and margin in the future?

Amit Jain: See, we are anticipating at least Rs. 25 Crores for this current year from this new range. Yes.

Meet Katrodiya: Okay. Sir, we will be able to give sector-wise revenue break-up of the top line. That means how much of revenue coming from petrochemicals, chemicals and pharma sector?

Amit Jain: Yes, we can provide you with that but I need some time for that. If you can allow me to have your email ID, I can email you all the details.

Meet Katrodiya: Okay, sir. My next question, how we are able to compete and gain market share from the other competitors like there are Anir, Valesh, [Kirtan 0:16:28] and Camtech. So what is our future plan and what we are doing, something new to compete with them?

Amit Jain: See, we are focused on the quality product and we are trying to get our products approved in all the big businesses like NTPC, DPCL, HPCL. And once you satisfy these big customers, you get regular business from the other clients as well.

Meet Katrodiya: Okay, right. And what is our current capacity realization?

Amit Jain: Current capacity as far as numbers are concerned is INR65 crores to INR70 crores.

Meet Katrodiya: Okay. And sir, will you be more brief about capex or capex will happen at our existing facility or something new land or?

Amit Jain: No, we have to have a new land and total new project.

Meet Katrodiya: Okay, so project will be completed in your, it is to be a land to be acquired or something like that?

Amit Jain: So land we have already, you know, shortlisted. So it's not going to take much more. So Yes -- that's how we have planned for the second quarter. Yes. Thank you.

Moderator: Thank you. Our next question is from the line of Harish Shiyad, an Individual Investor. Please go ahead.

- Harish Shiyad:** Okay. Congratulations for the good set of numbers. And look forward to the same performance in the years to come. Just now you said that INR25 crores will be the turnover for the June quarter. I misunderstood?
- Amit Jain:** I was saying INR25 crores we are expecting from the new business.
- Harish Shiyad:** Okay. You know, if I see your quarterly numbers, in this quarter we have done nearly INR20 crores, which was only INR10 crores in the December and the INR7 crores in the last markets. You know, so this 20 crores, what do you attend is due to seasonality, year end or something or that sort of you'll be able to do this run rate quarter wise.
- Amit Jain:** Every, every year, if you go through the, you go back and look at the numbers every year, you know, last quarter is the best quarter for, for us. And for every big customer, like, you know, they want to achieve their targets. So last quarter is always, you know, busy and they fulfill our demands.
- Harish Shiyad:** Correct. Yes. That's true. And sir, I'm looking at our balance is our, the property plant equipment is only hardly two and a half crores and we have done the turner of 50 crores in this year. So I'm just wondering how it is possible, you know, there's so much turn around of the plant nearly 20 times of the plant. So are we, are we buying a buying out them? How is it? So everything is manufactured by us?
- Amit Jain:** Yes, almost everything is manufactured by us. In, in this last year, we have quite a new product, stainless steel pipetting then stainless steel valves. So that has impacted the sales.
- Harish Shiyad:** No, I understand sir. But what I am trying to understand the general ratio, if you see between the property plant value and the turnover, it is looking too, too high as compared to any other manufacturing company. This is what is my concern? So I was wondering whether you are buying some finished goods and the selling or it is all manufactured inside. That's what I was trying to understand?
- Amit Jain:** This is all manufactured inside and this is all value added items. So maybe that's the reason.
- Harish Shiyad:** Okay. And you are the working hotel management is very strained as such, you are working in INR20 crores turnover and INR20 crores are in the receivables. You said 90 days and all those things are there. But any, any plan to improve your working capital cycle because your cash flow also is negative in this year, actually?
- Amit Jain:** Yes. That's what I said earlier that we are introducing some new schemes, cash discount schemes and turnover discounts so that customers can pay us a bit earlier than what they are doing right now. So we are anticipating good change in the upcoming time.
- Harish Shiyad:** Okay. Now coming back to your new expansion plan, you are putting up a factory for the bathroom fittings and I heard that you are going to spend INR30 crores on that. Is it right?
- Amit Jain:** Yes.
- Harish Shiyad:** Okay. So what is the source of fund for the 30 crores?

Amit Jain: Going to equity only.

Harish Shiyad: Equity. So you are going to raise further equity on this? Yes. I see. Very good. And what is the lead time for put up this factory? I heard that by June it will be ready but still we are not acquiring land also?

Amit Jain: We have shortlisted the land and hopefully by this month we will be ready with everything. We have already ordered all the, machinery which is required. Okay. And, you know, to start with we want to do the trading first. Then we are going to procure some products from China, Italy or whatever the market. We are already shortlisted and so first two quarters will be the trading one and by the end of third quarter we will be ready with our own in-house facility.

Moderator: Thank you. Our next question is from the line of Aditya Sen from Robo Capital. Please go ahead.

Aditya Sen: Hi. Congratulations on good set of numbers, sir. I just said that INR25 crores revenue is expected from a new business. So I'm pretty much new to this business itself. Can you please help me know which new business are we referring to?

Amit Jain: Bathroom Faucet.

Aditya Sen: Sir, the capex that we are just talking about.

Amit Jain: Yes.

Aditya Sen: Okay. So the capex itself is of INR30 crores and we are expecting a revenue of INR25 crores at full potential.

Amit Jain: Yes.

Aditya Sen: Okay. Understood. And also I'll just confirm the Q4 revenues are not recurring. Like this is sort of a seasonality impact. Right. Okay. So any aspects and also the previous participant asked if we have any top line guidance. Did you say 5% or 25%? I heard it wrong, I guess.

Amit Jain: Sorry. You have to repeat that.

Aditya Sen: Yes. I'm saying the previous participant asked about the top line guidance, revenue guidance and you replied I guess 5% or 25%. I couldn't follow exactly what you said. Can you please come back on that?

Amit Jain: It should be 25%.

Aditya Sen: 25% revenue growth Y-o-Y?

Amit Jain: Yes. Yes.

Moderator: Thank you. Our next question is from the line of Akhil Kumar, an Individual Investor. Please go ahead?

Akhil Kumar: Good afternoon, sir.. Good afternoon. Yes. So my question is regarding to your new expansion plan where you are entering into bath exercise, you are going to spend some INR30 crores Kpex and as you said first two quarter will be a trading quarter. So it is after spending INR30 crores, what would be the full 100% at 100% capacity utilization? How much it can generate the top line?

Amit Jain: With the INR30 crores, we can go up to INR100 crores?

Akhil Kumar: So three to four times of asset utilization.

Amit Jain: Yes.

Akhil Kumar: Okay. But your existing segment, you are doing some 20 to 25 times of your asset utilization, right? Yes. I am not wrong. Okay. And the margin profile is also going to be same into this business?

Amit Jain: Almost. Yes. The trading margin will be more, but you know overall the transaction margin will be this only.

Akhil Kumar: So around somewhere around 15% to 20% into the new segment, at EBITDA level?

Amit Jain: Yes.

Akhil Kumar: And regarding working capital of a new business, right now you have a good number of debtor days, is it going to be same into the new business because you are just starting or it is going to be like a little less because again, it's a trading business?

Amit Jain: It's actually more of an investment-prone business. Because you need to invest on the branding, marketing and all. The working capital is going to be utilized on those areas as well. But with our existing valve business, we don't have to spend much on these marketing and branding.

Akhil Kumar: Yes. No, that working capital was okay. But again, one of the aspects of the question was, the debtor days are going to be same for the new segment also?

Amit Jain: You mean the dealers?

Akhil Kumar: Debtors, receivables for the new segment, large segment?

Amit Jain: Debtors? Yes, you can say that.

Akhil Kumar: Okay. So somewhere around 80 days-90 days, you see the debtors' days in the new business also?

Amit Jain: Yes.

Akhil Kumar: Okay. Any plan once you start your manufacturing of new business, any plan for going to OEM business or you will say only on your own brand?

- Amit Jain:** No, we will sell our own brand only. As of now, this is what we have decided because we want to develop a new brand and we want to market that. I guess it depends on the market. There is a capacity to still unused capacity then we can look at OEMs also. But initially we have decided that we want to develop our own brand.
- Akhil Kumar:** Okay. And for your existing facility of valve manufacturing, how much turnover it can generate at 100% utilization?
- Amit Jain:** It's like I said, our total capacity is INR65 crores to INR70 crores.
- Akhil Kumar:** Okay. So do you also looking to expand this facility in near term?
- Amit Jain:** We are thinking of that.
- Akhil Kumar:** Yes, because you are already around INR50 crores.
- Amit Jain:** Yes. We are thinking of that because we are developing new products as well and hopefully by next year, we will be requiring more land for this area as well, for this existing factory as well.
- Akhil Kumar:** Okay. So this time for the new expansion, the upper proportion will be completely on a higher side, not like 20x, 25x compared to that. Is it that?
- Amit Jain:** Your voice is not clear.
- Akhil Kumar:** So new -- while expansion, okay, that's all. I got your point. I got it. That's all from my side. Thank you very much.
- Amit Jain:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Supriya Kerkar from Kojin Finvest. Please go ahead.
- Supriya Kerkar:** Yes. Thanks for the opportunity once again. Sir, I just want to understand how big is the unorganized market in the valve business?
- Amit Jain:** It's quite big. Numbers won't be possible as of now because unorganized markets, when you look at the market like Pune, then Ahmedabad, then Jalandhar, we have around 500 manufacturers. So everybody is selling and there is a big opportunity in an unorganized market as well.
- Supriya Kerkar:** So then isn't it a big threat to us?
- Amit Jain:** Not really because like I said, we believe in getting our brand approved so that customers stick to us and we are providing good quality and good service and deliveries are fast. So most of our customers are from 10 years to 12 years. So we have a good repeat business. So they are happy with us.

So we have never faced these kind of problems because we have set ourselves at some level so we don't go down that level.

Supriya Kerkar: So this institutional thing is basically our strong holding on the business?

Amit Jain: Yes.

Supriya Kerkar: So what would be our market share in the organized market?

Amit Jain: We are contributing as far as India is concerned, we can say that we are doing about 5% to 6%.

Supriya Kerkar: Okay. Sir, I also wanted that you also showcase your products in an exhibition and event and that also contributed some comparatively significant amount to your revenue. So can you please help us understand this line of business?

Amit Jain: There was an exhibition like Boiler India. Okay. So all boiler manufacturers were there. All good boiler manufacturers were there. We have our exhibit there. So we got good response. Those who are new to the boiler business, they would come to know that what Atam is and then we showcase our existing clients. We show them that these are our happy clients that are already using Atam Valves. So we get good opportunities like that.

Now there's the same kind of exhibition is like exhibiting in Kenya, Boiler World. So then there's a Boiler India again in Delhi. So these kind of exhibitions give us boost and we get to know new upcoming Boiler manufacturers or customers and they get to know what Atam is.

Supriya Kerkar: Okay. Sir, any product pipeline for valve business? What is the specific industry or any specific client?

Amit Jain: You know, you want to know the client?

Supriya Kerkar: No. I wanted to know any products are in the pipeline. The new launches are in the pipeline?

Amit Jain: New launches?

Supriya Kerkar: Yes. New launches in the valve business for the new customers or the changing in the industry like this power business and all. They are these builders. So any new requirements are coming up for the valve business?

Amit Jain: Yes. You know, every day we are innovating something. We are doing new products for nuclear power. So new upcoming projects which are coming, nuclear valves. So now we are getting into those line as well.

Supriya Kerkar: Okay. And when it will be marketed, sir?

Amit Jain: So it's going to take time. You know, it's still in the initial phase like, we are in the drafting stage as of now. So it will take another six to seven months.

Supriya Kerkar: Okay. Please. So if I understood it correctly, the previous co-colleague of mine asked you like what is the maximum revenue can be generated from the valves? So you said, I believe you

said it is INR65 crores. Whereas from the faucet business, you said that 100% capacity utilization in the business will contribute around INR100 crores. So does that mean that the going forward the faucet business would be the road driver for the company?

Amit Jain: Yes. You can say that.

Supriya Kerkar: Okay. So it is too early to ask the margin, but are the margins better than the valves business over there?

Amit Jain: See, when we have all the facilities in-house, when getting them and fraction them, we are anticipating that we will get about 15% to 20%

Supriya Kerkar: Okay. And what are the margins of the valve business? They are around 22%, right? So currently the margins are better.

Amit Jain: Yes.

Supriya Kerkar: So the fourth quarter, I believe you reported around 22% margin. So that is not sustainable. And 15% to 16% is the overall yearly margin percentage?

Amit Jain: Yes. Average is 15%. Yes. 15% to 16%.

Supriya Kerkar: Okay. So then five years down the line, maybe you see this company?

Amit Jain: As I said earlier, we want to become the biggest brand, which is known all over India and to have a presence in the biggest cities. You know, I don't want to say any numbers, but you have asked, INR1,000 crores.

Supriya Kerkar: Okay. That is really great, sir. And one second. Congratulations for the good set of numbers posted for the Q4 and full year. And all the best for your future. That's it from my side.

Amit Jain: Thank you.

Moderator: Thank you. Our next question is from the line of Meet Katrodiya from Niveshaay. Please go ahead.

Meet Katrodiya: Yes, sir. You are guiding for the top line growth was 25%. Right. So 25% will be INR150 crores. And additional INR25 crores will be come from new business, right?

Amit Jain: Sorry, 25%?

Meet Katrodiya: You are guiding for 25% growth on top line, right?

Amit Jain: Yes.

Meet Katrodiya: And also this will be from our existing business, right?

Amit Jain: Yes.

Meet Katrodiya: And also INR25 crores top line...

Amit Jain: 25% growth for the existing product, and INR25 crores for the new business.

Meet Katrodiya: Okay. Got it. Thank you.

Moderator: Thank you. Our next question is from the line of Harish Shiyad, Individual Investor. Please go ahead.

Harish Shiyad: Yes. I'm again on a follow-up question. Can you share the revenue from the largest customer in the current year?

Amit Jain: Largest customer is our dealer distributor in Ahmedabad. Kiran Enterprises.

Harish Shiyad: And what are the credit terms with him?

Amit Jain: 9,220.

Harish Shiyad: Okay. And I just now saw you given the press release from the BSE exchange. Thank you for that. And I would appreciate it if you give it well in advance. You know, after the conference call started, you are giving that press.

Amit Jain: We'll take care of it, from next time.

Harish Shiyad: Better, you know, we can go through that and we can have appropriate question out of that.

Amit Jain: All right. We'll take care of it.

Harish Shiyad: Thank you all the best, sir. Thank you.

Amit Jain: Thank you.

Moderator: Thank you. Our next question is from the line of Kiran Paranjape, individual investor. Please go ahead.

Kiran Paranjape: Thanks. My question is more from a strategic perspective. You have been manufacturing valves for, as you said, number of years and your third generation. I'm just wondering what makes you feel to move away from valves and go into faucets? So did you do some kind of a market survey? And why only faucet? Why not something else? Since faucets and valves are not directly correlated, neither the customer nor the manufacturing, etcetera. I would like to know your thought process of going into this completely new business? Because you'll have to set up a new distribution network, completely new customers. So it can take a lot of bandwidth away from your current business. So just wanted to know where you're coming from?

Amit Jain: Thank you for your question. First of all, mine is second generation. My son is joining. So that's the third generation. So he's going to lead the plumbing business. So why we thought of bathroom faucets? Because, that's more, of what you say, it's like, you use, it's usable for everybody, you are known among the masses. Once you get into these bathroom faucets and

with the valves business, we are happy with it. But there's, we have a network of around 750 dealers. We wish to increase that by 1,000 numbers. But with the bathroom faucets, you get to, you have a distributor, you have a new setup. And the growth is quite prominent in the bathroom faucet business than valves business. So that's the main reason.

Kiran Paranjape: Okay. And you said, you're going to fund it from equity. So have you thought about is this going to be a rights issue? Is it going to be QIP or is it going to be preferential warrants? What kind of equity dilution is going to happen?

Amit Jain: We are thinking of, preferential.

Kiran Paranjape: Okay. And one more question. If I look at your past history, the sales were pretty stagnant. I would say maybe INR15 crores, INR16 crores up to going up to INR20 crores up to INR22 crores. And this year was the major change from INR20 crores jump to INR49 crores, which is around INR50 crores. So what was the main reason for this big change happening in this financial year?

Amit Jain: First of all, we have increased our sales network with the sales people. We used to have four or five, now we have around 15. So we are more approachable in the market. And second of all, we have introduced new products. Like I said earlier, stainless steel pipe fitting, stainless steel valves, then high pressure valves in-plus, 150, 300 gauge check. So those have contributed a lot with the existing clients themselves, like Thermax boilers. They were doing about, INR80 lakhs, INR1 crores up to business with us. Last year they have done about INR3 crores. So these kind of changes we have done, that's why the sales have gone up.

Kiran Paranjape: Okay, thanks. That's all from my side. I wish you all the best.

Amit Jain: Thank you, very much.

Moderator: Thank you. That was the last question of our question and answer session. As there are no further questions from the participants, I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors for closing comments.

Vastupal Shah: Thank you. Thank you everyone for joining the conference call of Atam Valves Limited. If you have any queries, you can reach us at research@kirinenterprises.com. And once more, many thanks to management team and participants for joining the conference call.

Amit Jain: Thank you. Thank you a lot.

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