



# “ATAM Valves Limited Q4 FY24 Results Conference Call”

**April 18, 2024**



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

**MODERATOR: MR. ABHISHEK YADAV – KIRIN ADVISORS**



*ATAM Valves Limited  
April 18, 2024*

**Moderator:** Ladies and gentlemen, good day and welcome to ATAM Valves Limited Q4 FY '24 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 "\*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Yadav from Kirin Advisors. Thank you and over to you, sir.

**Abhishek Yadav:** Thank you. On behalf of Kirin Advisors, I welcome you all to ATAM Valves Limited Q4 FY '24 conference call.

From the management side, we have Mr. Amit Jain – Managing Director. Now, I hand over the call to Mr. Amit Jain. Over to you, sir.

**Amit Jain:** Thank you, Abhishek. Good afternoon everyone. This is Amit Jain – Managing Director ATAM Valves Limited. I extend my warm welcome to all Investors and the Analyst community to our Quarter 4 Financial Year '24 Con Call.

Before we delve into the specifics of Q4, FY '24 and FY '24 performance, allow me to provide a concise overview of our company and its business model to those who are joining for the first time in our Con Call.

ATAM Valves Limited is a leading manufacturer of industrial and plumbing valves. The company produces a diverse range of valves, including gate, globe, check, ball, butterfly, steam traps, boiler mountings, and accessories, and other industrial valves and fittings.

Our products are designed to handle service condition ranging from minus 192 degrees to 550 degrees and pressure of up to 10,000 PSI.

Our multi-capability manufacturing infrastructure spread over 500,000 square feet area and our talent pool of over 500 professional has strengthened as a leading supplier of industrial valves. The company has three specialized foundry shops for non-ferrous, stainless steel, and carbon and alloy steel, each with multiple molding techniques. The company has a valve manufacturing capacity of 96,000 pieces per month across all products categories and for FY '24, our capability utilization was 85%.

Over the years with our product innovation and quality supply, the company has emerged as a trusted partner to numerous industries like oil and gas, refining, petrochemicals, chemicals, pharmaceuticals, marine, mining, water and wastewater, textiles, sugar and HVAC industries.

As mentioned, product innovation is key to success and to expand our offerings, we are currently pursuing the production of large-sized valves strategically aiming to meet the diverse needs of the entire valve industry.

With a strong client portfolio of 300 clients, we are meeting the diverse needs of various industrial valves. To name a few of our marquee clients, we are trusted suppliers to Thermax, NTPC, HPCL, BPCL, Indian Oil, Adani, Voltamp, in rectifiers Ganesh Industrial Suppliers, Universal Mill Store, Raman Sales Corporation, Global Flow Controls, Cheema Boilers.

Our top 15 clients contribute 80% of sales. We are efficiently meeting the rising requirement of our client with our strong dealer network of 750 dealers, which we aim to enhance to 1,000 dealers in the coming period. We are equally focusing our export business, which contributes a meager 3% currently, however, having strong strategies to increase the same to 25% in coming years, strengthening our brand in the overseas market.

We are actively pursuing opportunities in the U.S. or North American market through strategic partnership and approval for manufacturers. These collaborations underscore our dedication to delivering cutting edge solutions to our customers. Our international presence is in South Africa, USA, UK and Indonesia. We intend to increase its presence, our presence in the United Arab Emirates, Saudi Arabia, Tanzania, Kenya, Russia.

We actively participate in exhibitions in the domestic and international market to understand the emerging trend in the valve market and promote our product to existing and new clients. Currently, revenue and profitability contribution from hospitality exhibitions and event is 20% of sales.

To talk about revenue contribution from our business verticals, in the boiler segment, it contributes 30% of sales. Domestic appliances, 40% of the sales. Hydro projects contributes 10% of sales. Other products and projects contribute 20% of sales.

Future growth drivers:

The global industrial valve market is projected to reach US\$99.8 billion by 2028. The growth of the industrial valve market is driven by the rising demand from healthcare and pharmaceutical industries, the establishment of smart cities globally, and the rapid deployment of connected networks to monitor valve conditions and predict system failure, providing ATAM Valves with abundant opportunities for growth.

Navigating the dynamic landscape, our strategic positioning, emphasis on innovation and comprehensive product portfolio ensure that we are well prepared to capitalize on high-development prospects in all valves industry segments. The commitment positions us to stride into the evolving automotive landscape, ensuring sustained growth and success of our company.

Furthermore, we are executing a forward integration into bathware items under the brand Daley with a CAPEX plan of approximately 30 Cr, considering the growing demand due to increased housing construction and evolving consumer presence for stylish bathware. We expect humongous growth opportunity in this segment and our strategic decision is expected to contribute significantly to our total revenue in FY '25-'26, contributing to our overall revenue.

Way forward, the company got listed on the BSE SME platform in October 2020 and migrated to main board of BSE and NSE in May 2023. With a vision to be a leading player servicing the entire valve industry, we are heading to financial year 25, where we see robust contribution from our traditional valve business. We have set a target of 1,000 Cr revenue company by 2032.

**Financial Highlights:**

I am sure you had an opportunity to go through our financial performance for Q4 FY '24 and FY '24.

I will take you through the Financial Highlights of the company of the reported period. For Q4 FY '24, we ended the quarter with satisfying revenues of 17.25 Cr, reporting 52 bps increase in EBITDA margin to 23.23%. Our net profit was reported at 2.68 Cr with NPM of 15.55%.

**Coming to our FY '24 Performance:**

We reported a 7% growth in revenues to 52.6 crore with EBITDA margin of 18.66%. At PBT level, our profit was at 8 crore and then net profit level at 5.8 crore. I must assure you that your company is strategically positioned to leverage the rising demand opportunities in the domestic market as well as in the international market.

With these brief remarks, I take this opportunity to thank all the stakeholders for being an integral part of our growth journey. Your support and involvement have played a crucial role in our success, and we genuinely appreciate your valuable contribution.

Now I request to open the floor for questions and answers. Thank you once again for your presence and continued support.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Yashwanti from Kojin Finvest. Please go ahead.

**Yashwanti:** Sir, I wanted to understand what has gone wrong that where we are seeing a dip in our revenue for Q4, FY '24 compared to its corresponding period, which has actually affected the overall FY '24 growth?

Sir, just wanted to understand what has gone wrong, where we have seen the dip in the revenue for Q4 FY '24 as compared to its corresponding period, which has also affected our overall FY '24 revenue?

Sir, wanted to understand why we have seen a dip in the revenue in Q4 FY '24 as compared to our corresponding period, which has affected our overall revenue growth for FY '24?

**Amit Jain:** You have seen the dip. So, it was a good quarter in comparison to the last three quarters. But we expected more from the Q4 because in the last previous years, we have seen that Q4 has always been multiple folds than other quarters. Yes, because of MSME norms, some projects were kept on hold because of 45 days payment system, which has been implemented. So, most of the projects were put on hold. That's the only reason because we had orders in hand, but we were told not to send and wait for a while. That's the only reason. Otherwise, I believe there is no other major issues.

**Yashwanti:** Sir, in that case, should we consider that Q4 is normally a good period for company?

**Amit Jain:** Yes, it has always been.

**Yashwanti:** And sir, then whatever that order has been kept on a hold, as you explained due to the MSME norms, can we expect the same to flow in Q1 FY '25 and Q1 FY '25 is expected to be much better as compared to its corresponding period?

**Amit Jain:** Yes, we are expecting the same because still they have been put on hold because people are not sure about what MSME conditions will be. But we are hopeful that in this quarter, we will be able to achieve better results than other quarters.

**Yashwanti:** Sir, could you please help us to understand what do you actually mean by MSME conditions? So, is there any demand lag for their product or any regulation has affected? What has gone wrong where we have seen such a hold on our order book from MSME?

**Amit Jain:** See, MSME has implemented that you have to pay within 45 days. So, like the credit period in our whole system is about 90 to 120 days. So, people are worried about, it's kind of tough for them to take care of the funds accordingly. So, they want to be sure about certain things. Otherwise, all the unpaid amount will be kept as a profit to them and they have to pay taxes on that. So, that's the only reason.

**Yashwanti:** And sir, what has contributed to the dip in our EBITDA margin for FY '24?

**Amit Jain:** See, we have been attending lots of exhibitions to promote our products and the results are expected from those exhibitions this year. So, that's the only reason. We have been trying to expand and that's the only reason you have seen a dip in EBITDA.

**Yashwanti:** Sir, in that case, 18% for whole FY '24 and 23% for the quarter. So, what kind of guidance you would like to give for FY '25? Or as an analyst, what we should expect the EBITDA margin to range in between?

**Amit Jain:** For this year?

**Yashwanti:** Yes, FY '25, current year.

**Amit Jain:** We'll try to maintain the existing one. But yes, there will be slight improvement. But as of now, we cannot comment on the exact figures. But definitely we will try to improve on that.

**Yashwanti:** Yes, but sir, existing figures are a little confusing. Because when 18% is for the full year, and the 23% is for the quarter. So, what we should assume? 20% or 18% or maybe 20% or a 25%?

**Amit Jain:** No, it will be around 20 to 25%. Yes, in between 20 to 25%.

**Yashwanti:** The quarter may vary, but the full year you expect to 20 to 25%. Am I understanding it correct?

**Amit Jain:** Yes.

**Moderator:** Thank you. The next question is from the line of Majid Ahamed from Smart Sync Investment Advisory Services. Please go ahead.

**Majid Ahamed:** My first question is, what is the current update on the Saudi and the U.S. market? If you are planning to move to the Saudi and US market, what has been the development so far? That is my first question.

**Amit Jain:** Well, we are trying to get into that market through API certification and in next few months we will be API compliant and by August or September, we will be having API certification and that will help us getting into that market of oil and refineries.

**Moderator:** Thank you, sir. The next question is from the line of Dipak Saha from DR Choksey Finserv Private Limited. Please go ahead.

**Dipak Saha:** Just connecting to the question asked by one of the previous participants. You said that because of the changes in MSME norms, there was some lag on the top line, right? So, now when we looked at the full-year inventory number, that had gone up quite significantly, nearly from 13 crore to, say, 21 crore.

So, just trying to understand, what is that form of inventory? Is it in the form of, like, finished goods or raw material or something work in progress? If you can share some color, is it because that you had some finishes and couldn't sell, which will get finished in the next quarter, as and

when this cloud around MSME payment structure gets more clear? So, if you can share some color on that inventory number?

**Amit Jain:** Yes, the inventory for the finished product is almost half of the value that we have a stock for. Yes, because all of these orders kept on hold and we were anticipating some more orders from the market. So, that's the only reason we have good inventory in hand. So, you can say that finished product is more than about 10 crore in hand and rest of the product, rest of the value is from work in progress and raw materials.

**Dipak Saha:** So, out of this 21 crore, you are saying 10 crore?

**Amit Jain:** Yes, more than 10 crore of worth of material is in the shape of finished product, which we can sell today.

**Dipak Saha:** And when do you expect that particular amount? Like, is it because next quarter we have visibility, we can sell out this inventory or this finished product? I mean, trying to understand, when is MSME payment issue that you are seeing right now can resolve?

**Amit Jain:** It's still in the talks with the government and we are hopeful that in the 1st Quarter we will be able to liquidate about 70% of this stock, merchandise stock, yes.

**Dipak Saha:** And the next question, I mean, just those numbers, if you can just share those numbers quite a bit again. On the capacity side, you said your current capacity utilization is 85%, right? And can you give the units, I just missed those numbers, in terms of units?

**Amit Jain:** See, the total capacity is 96,000 pieces per day.

**Dipak Saha:** On a day?

**Amit Jain:** Per day, yes. 85%, that's 81,600 pieces per day.

**Dipak Saha:** And the next question is on the employee benefits and expenses that's reflected on your financials. That is also taking kind of 30% jump. So, there is some color. Is it because of a lot of talent or new talent that we have acquired or is it because the trend, I think, is quite sharp for this particular year? 30% jump on a year-on-year basis. So, some texture on that, sir?

**Amit Jain:** Yes, as I said earlier that we are trying to get into the plumbing, HVAC and firefighting market. So, we have to participate in all the exhibitions that's been happening and to expand into the market, we have to have teams. We used to have three, four people in the sales, total. Now, these days we have 16 people. So, that's the reason it has gone up. You have seen the jump in the employees condition and on top of it, we are anticipating that this year it will pay back.

**Dipak Saha:** That's clear. And in one of your previous calls, I mean, in your earlier remarks, you alluded to the fact that 30 crore CAPEX on bathroom faucets, right? But on the last call that was conducted just a month or two ago, you said there were certain delays on the tie-ups you were planning with for this bathroom faucet. I think certain imports were supposed to come but that did not work out and it got delayed. So, what is the situation right now? And when do we see this bathroom faucet thing comes into the picture?

**Amit Jain:** It's still on the cards, but it's been delayed. Yes, because we want to get into the API system, and we see that that's our own product and we don't have to depend on the manufacturers. For bathware, we were thinking of importing it from China and we had tie-up with two, three manufacturers there. We are still in talks with them, but we are concentrating more on API, API range of valves for oil and refinery. And yes, I believe that this year you might see some of the range coming in our faucets as well.

**Dipak Saha:** You mean to say for this year you might have capabilities built or direct revenue might flow in for the faucets, sir?

**Amit Jain:** No, we will import only. We are not going to manufacture in-house, yes. We will import only.

**Dipak Saha:** So, this 30 crore CAPEX, is it going to be in what form? I mean, that you are highlighting about?

**Amit Jain:** See, it was basically required to generate, you know, we need to spend more on the capital investment with machinery and stuff like that, but we believe to start with, because we want to have our own brand in the market, to start with we will come up with a small range from the Chinese manufacturers only, and we will try to develop the markets here and then we will utilize step-by-step this 30 crore. It's not required as of now, but maybe once we are happy with the systems and the market trends, then we will spend on the capital.

**Dipak Saha:** So, that's not the immediate execution plan that you have. Once you want the things to settle down.

**Amit Jain:** Yes.

**Dipak Saha:** So, let's say, probably FY '26 would be somewhere we should more look for this number, right?

**Amit Jain:** Yes.

**Dipak Saha:** And on the API side, sir, if you can just confirm on the status, because earlier we were talking about Q1 probably we should get the status, I mean, the certification for this petrochemical license. So, what is the status there? And by what time we are expecting it to get in and we can actually start delivering on those \$2 million order that you earlier alluded that you have early stage talks with? So, what's the status and development there?



**Amit Jain:** See, in Q1 will be API compliant because we are already on the job and we have conducted some surveys as well within the company audits as well. So, we will be API compliant. Then we can start supplying API related valves to the clients and by August or September, we will be API certified and after that the numbers will go up as far as sales are concerned for API related valves. But we will start getting orders as soon as we will become API compliant.

**Dipak Saha:** And if I am not mistaken, I think earlier you said there are some talks with certain vendors or certain clients of nearby \$2 million, right, only for this API-based product.

**Amit Jain:** Yes, we're still in talk with them, and they are regularly visiting us, and they are helping us in getting that API.

**Dipak Saha:** Wonderful. Really cheers to the team. And this thing I think API you are basically getting from your Canada tie-up from one of the tie-ups that you have. I mean, that route is like that only, right?

**Amit Jain:** Yes.

**Moderator:** Thank you. The next question is from the line of Chirag from Yogya Capital. Please go ahead.

**Chirag:** Sir, we have been doing a wonderful job. So, congrats on that part. Firstly, my question was on our competitors. So, can you give some light on who are our competitors are and how do they differ and how we differ compared to them?

**Amit Jain:** Well, as far as API related customers or competitors are concerned, we have Parveen Industries. We have Oswal Industries. We have Hawa Valves. They are all big players and having a revenue of 400, 500, 700 crore company. So, they have been associated with API related valves from last more than 10 to 12 years and we are relatively new. And we are entering into that market and that's the only reason we have kept big numbers for us in another six, seven years. So, because the market is there, requirement is there, and we know that we can get into that space.

And for the existing product range, if you talk about plumbing or firefighting, we have the Rotovalue there. They have been in this market from last, I think, 10, 12 years, 20 years and their revenue is more than 300 crore. We have Centro Valves. Their revenue is about 100 crore for these related valves. So, you know, side by side, we see that growth is there and we can fill that space as well in the plumbing industry.

**Chirag:** That was helpful. Sir, also could you highlight do we secure our exports that we do with ECGC?

**Amit Jain:** Not as of now, because mostly our sales in exports are on an advanced basis. We get the payment before we ship the materials from here.

- Chirag:** Okay, that's great.
- Amit Jain:** Exports are not much. As soon as they grow, then definitely depending on the customers and other terms and conditions will definitely involve ECGC as well.
- Moderator:** Thank you. The next question is from the line of Guneet Singh from Counter-Cyclical PMS. Please go ahead.
- Guneet Singh:** In the last call, you had alluded that we would be achieving about 80 crore revenues in FY '24, and we have an order book of around 60 crores. But you mentioned that there were some MSME issues.
- Amit Jain:** Yes.
- Guneet Singh:** Did you not foresee them while conducting, I mean, the previous ConCall at that time? Did you not foresee having such issues? And also, the shortfall of, from 80, about 30 crore shortfall. So, should we expect this to flow in Q1?
- Amit Jain:** See, when I said 80 crore, we were thinking of bringing the faucets as well, bathroom faucet. But that was kept on hold because we concentrated on the API range of valves. And this MSME thing, it has come up in late Feb. So, nobody has anticipated that. So, that was the case happened with us as well. So, the shortfall that you are talking about is mostly for some range of MSME that we have a stock for all those finished products as well as the bathroom faucets, which is not there on the cards as of now. Yes, we can see, as I said earlier, 70% of the finished stock should be liquidated in Q1.
- Guneet Singh:** So, you had mentioned that the revenues of Q4 would be as much as combined of Q1, Q2 and Q3. So, I want to understand the magnitude. I mean, what kind of revenue should we look at in Q1 given the shortfall that we faced in Q4? And by when do you expect this MSME issue to be resolved?
- Amit Jain:** Even yesterday, our Finance Minister has given some comments on the MSME, this system, but she is being reluctant that this law will not change. So, people have to adjust. So, they are still fighting that it's kind of tough for all MSMEs to pay in 45 days because of the system they carry from last so many years, it came in terms of 90 to 120 days. So, they have to lower their inventory to cope up with this 45 days system. So, hopefully, it will take some time, but in quarter 1, by the end of quarter 1, we will see some relatively changed system in MSME as well.
- Guneet Singh:** So, what kind of revenue spillovers can we expect in Q1 as compared to Q1 last year?
- Amit Jain:** As of now, it's kind of tough to commit on any numbers, but as I said, we are hoping that we will close by at least 7 crore for the Q1.

- Guneet Singh:** Sorry, how much did you say?
- Amit Jain:** 7 crore.
- Guneet Singh:** So, last year we did around 10 crore in Q1. So, this year, you are saying that we will do 17 crore?
- Amit Jain:** Yes, you can say that.
- Guneet Singh:** Sir, what is the current order book? You had mentioned that we had 60 crores worth of orders in the November Con-Call. So, what is the current order book?
- Amit Jain:** See, we have orders in hand, but all have been put on hold because most of the projects are on hold. But we have order book of about 25 crore with us.
- Guneet Singh:** And, sir, what is the guidance for FY '25 in terms of top line and bottom line?
- Amit Jain:** Our target is 70 to 75 crore.
- Guneet Singh:** Sir, one last question. Why are we getting into bathware business whereas we have always been in the valves business? So, what makes us not concentrate on our core business and make us diversify into something that we do not specialize in?
- Amit Jain:** No, we were thinking of getting into the bath faucets last year, but we kept it on hold because we wanted to concentrate on API range of valves. Yes, bath faucets is a premium segment and it's something that can add to the value of our own brand, you know. That's the only reason. But as of now, we are not doing anything on those lines.
- Guneet Singh:** Sir, my last question is, we have an order book of 25 crores, you mentioned. So, what gives us the confidence this year that we will achieve revenues of about 70 crore with 20 to 25% EBITDA margins? I mean, where are we getting this confidence from? Because for the last two years, the revenues have been stagnant.
- Amit Jain:** Because last year, we have introduced some more team members in the sales. And we have started participating in the different, different exhibitions. And this year, we are expecting good revenue from those lines as well. Like I said, plumbing and other stuff. And with the API coming into the picture in next two months, definitely, our order book will increase and we'll be able to achieve this margin revenue.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from Counter-Cyclical PMS. Please go ahead.

- Keshav Garg:** Sir, I am trying to understand that, sir, what gives you confidence that, sir, we can increase our revenues 20 fold over the next five years? Sir, because the market surely will not be growing at this kind of pace. Market will not go up 20x in five years.
- Amit Jain:** We are not into that market as of now. Because it's a big market as far as API range of valves are concerned with the oil and refinery. And once we have those API, we will definitely start manufacturing bigger range of valves. We are doing only up to 12 to 14 inches. We want to go up to 72 inches. So, that's the only reason and we know that there is a big cushion and we can get into that space.
- Keshav Garg:** So, out of this, let's say 1,000 crore top line expected over the next five years, sir, so what kind of percentage is exports going to contribute broadly?
- Amit Jain:** At least 50%.
- Keshav Garg:** And, sir, to reach this 1,000-crore top line, what kind of cumulative CAPEX will we need to incur?
- Amit Jain:** It will be around 40 crore in total for the machinery and jigs and pictures and other stuff, yes.
- Keshav Garg:** And also, sir, regarding this faucet foray, sir, we are a B2B company. So, how would we plan to get into the retail market which will require brand building, marketing, muscle and distribution and so on, sir, which is not our core competence? So, I hope this new division will not start incurring losses.
- Amit Jain:** No, no, that's why we have kept it on hold. We want to build a brand in the plumbing industry. That's why we have started getting into the plumbing valve range. And once we have a brand there, then definitely, you know, that's a part of plumbing bathroom faucet. So, we will get an edge once we have brand in that as well. Only then we will enter into the market because we don't want to incur any loss on that. That's for sure.
- Keshav Garg:** And, sir, in this Rs 1,000 topline, sir, what broadly is the expectation of contribution from this faucet division?
- Amit Jain:** As of now, nothing. We are only talking about industrial valves, API valves.
- Keshav Garg:** No, sir, I'm saying, oh, okay, so this Rs 1,000 topline by 2030, we will be able to achieve this by valves business itself and faucet need not contribute anything in this Rs 1,000 crore topline?
- Amit Jain:** Yes, yes. We are not considering faucet in this.

**Keshav Garg:** And, sir, as our scale of operation increases, so our operating margin, do you expect it to improve from these levels?

**Amit Jain:** Yes, they will definitely improve because once you get into the bigger range of bigger sizes of valves, because there are not many players and definitely the margins are very good in those. So, that's why we want to get into that market and EBITDA and PAT will definitely increase. There is no doubt in it.

**Keshav Garg:** So, you were mentioning that due to this MSME receivable issue, our sales could not be booked. Otherwise, we would have achieved 80 crore in this financial year itself. Sir, so, in that case, is our guidance for the next financial year lower than what it was for this financial year? Because if we have already, if we have the orders and if we have executed it and only the payment is pending, so then we should be targeting 80 crore plus revenues for FY '25. But as per your guidance, we should be expecting 70-75 crore.

**Amit Jain:** I am just being conservative in the figures because I don't want to over commit on certain things. So, that's the only reason because this year we are out of that small and micro segment. So, we will not be in the MSME lot anymore. So, our clients and customers will be more easily can do business with us. Because in 45 days they have to pay to micro and small. It's up to us because we will be in the medium, because we have exceeded 50 this year.

**Keshav Garg:** Sir, what percentage roughly of our total business is coming from tender business?

**Amit Jain:** Not the tender business. We are mostly into direct client business and dealers network. We are not doing anything on the tenders as of now.

**Keshav Garg:** Sir, so basically no PSUs, no L1 bidding and so on?

**Amit Jain:** No, nothing. Nothing of that sort.

**Keshav Garg:** Sir, but in oil and gas, oil marketing companies are pretty big players. So, in future also, we have no plans to enter that market?

**Amit Jain:** See, to get into the oil and refinery business, we have to have API or EIL approvals. So, after that only we will be able to participate in those tenders.

**Moderator:** Thank you. The next question is from the line of Yashwanti from Kojin Finvest. Please go ahead.

**Yashwanti:** Sir, we just wanted to know, like, as you said, you wanted to go in the faucet business and then again you kept it on a hold because you wanted to focus more on the API business. We wanted to start the manufacturing but now we are considering as a trading business, importing from China and then understanding and experiencing the market and then go for the manufacturing.

So, by when we can see our presence in the faucet business or the bathware business and when actually it will start contributing?

**Amit Jain:** For the faucet business, we are still skeptical about it because we are not sure how much time we can give it to that business as of now, because we want to concentrate more on API range of calls. That's the only reason we don't want to spend much on the capital investment, and we want to import from China and see what the market trend is. But that has been kept on hold as well because we want to have our own brand in the plumbing industry first. That's why we have started plumbing valves and participating in the plumbing exhibition. So, hopefully by the end of this year, we will be able to know if we want to get into the faucet as of now or not. Maybe in Quarter 4, we can take a decision.

**Yashwanti:** And sir, any client decision has been done in the last six months? Any new client decision has been done in the last six months?

**Amit Jain:** For this industry?

**Yashwanti:** Valve business.

**Amit Jain:** Yes, we have a few clients. I can send their details to you.

**Moderator:** Thank you. The next question is from the line of Heet Jhaveri from Moneybee. Please go ahead.

**Heet Jhaveri:** My first question is, we have been looking to get into the API, the valves and for that we are operating currently at 85% capacity. So, in August or September, when our license does come, how do we expect to manufacture for those opportunities?

**Amit Jain:** We are expanding, and we have ordered some new machinery as well. So, that capacity will go up and we want to shift some of the existing products, which can give some space for the API range of valves to our other units. So, hopefully that production scale will go up and we will be able to meet that API requirements.

**Heet Jhaveri:** What capacity are we looking to add? Just an estimate.

**Amit Jain:** See, to start with, we will be concentrating more on small valves, but eventually we will be getting into the bigger range of valves. For that, we will be requiring a new unit and a totally new infrastructure. For the current infrastructure, we can accommodate some of the API range of valves which are required to start the business. We cannot assess as of now what kind of number of pieces we will be adding. But yes, we will be adding more and more products, and we will try to compensate API range of valves with the existing range.

**Moderator:** Thank you. The next question is from the line of Jignesh from JIVA Capital. Please go ahead.

- Jignesh:** Sir, you mentioned that our order book is 25 crores, and it is put on hold. Didn't get that.
- Amit Jain:** The order books?
- Jignesh:** Yes.
- Amit Jain:** Yes, some of the orders have been kept on hold in the last quarter. So, we have just added those in this order book. And some of the existing orders and for the existing range, that keeps on coming and going as per the dealers.
- Jignesh:** So, the orders that have been put on hold, is it because of the assembly issue?
- Amit Jain:** That value is about 5-7 crores. Yes, about 7 crores.
- Jignesh:** So, predominantly, that was the issue or anything else also?
- Amit Jain:** No, that was only issue, the MSME. Otherwise, we could have touched 60 crores.
- Jignesh:** And sir, you mentioned that we want our sums to go to 1,000 crore sales. So, when we are growing in that path, what will be our network? Like the current distributors only will do or we will go for big orders in government or big corporates where we need to bid? So, how are we planning for that?
- Amit Jain:** It has to be big companies and we cannot do that sales through dealers. That's for sure. It has to be direct clients like Adani Power, Reliance Energy, Alliance Oil Refinery. Then we are expecting major growth in the export business. So, we have to deal directly with the client.
- Jignesh:** So, you need to deal or maybe bid in case of government to get orders?
- Amit Jain:** Yes.
- Jignesh:** And predominantly in which sector it is used? Oil and gas and which other sectors? All these bigger valves?
- Amit Jain:** Yes, it's mostly oil and gas.
- Jignesh:** So, even in gas, suppose I want to broadly understand like this LNG pipeline or maybe hydrogen pipeline, that may come in future. So, all these valves will be required in that pipeline also?
- Amit Jain:** Yes, wherever there is a pipeline, you need a valve to control that fluid. So, a valve will be required in any kind of pipeline.

- Jignesh:** So, this kind of bigger size of valves are predominantly used in pipelines?
- Amit Jain:** Yes.
- Moderator:** Thank you. The next question is from the line of Khushi Jain, who is an investor. Please go ahead.
- Khushi Jain:** Most of my questions are answered. I just wanted to ask, with our revenue targets for this year and the coming years, are we still optimistic to achieve 1,000 crores for 2030?
- Amit Jain:** Yes, target is the same, 1,000 Cr. You know, we will start seeing the results. It's kind of quite difficult to digest as of now, because we are sitting at 50, 52 Cr and we are talking about 1,000 Cr, but we know that market is there. And once we have that API, you will start seeing the changes in the revenues as well. Then the confidence will go up. Yes, we are targeting that figure only.
- Moderator:** Thank you. The next question is from the line of Mayank Shah, who is an investor. Please go ahead.
- Mayank Shah:** My question is that as you are at 85% utilization and as this API thing is coming in, so have you planned any CAPEX or something to move on or to match the capacity of the orders you will get in?
- Amit Jain:** Yes, hopefully we will be requiring CAPEX in next year because this year will be accommodating the existing facility for the range of valves we want to build in API. So, next year definitely will be requiring new plant.
- Mayank Shah:** And I also wanted to understand, is that a way that we can produce more number of units in a given year, like the working capital can be changed or something? How can we improve that? Because to reach above 80 crores, is it possible with the current facility, like to do a top-line revenue of 80 crores. To do more than that, is it possible or not?
- Amit Jain:** Yes, it is very much possible. It is very much possible because we are utilizing our machinery or infrastructure in those valves which are not contributing much. So, we can always change those range with the new range, which can give us more revenues and profitability. Because just to utilize the infrastructure and machinery, we have to have a certain range of valves. So, we can always change those range with the profitable range in API.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the question-and-answer session. I now hand the conference over to Mr. Abhishek Yadav from Kirin Advisors for closing comments.





*ATAM Valves Limited  
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**Abhishek Yadav:** Thank you. Thank you everyone for joining the Conference Call of ATAM Valves Limited. If you have any queries, you can write us at [info@kirinadvisors.com](mailto:info@kirinadvisors.com). And once more, many thanks to the Management Team and participants for joining the conference call.

**Amit Jain:** Thanks a lot. Thank you.

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