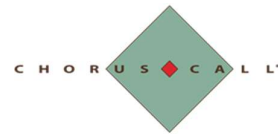




“Anlon Technology Solutions Limited
H1 FY '25 Earnings Conference Call”

November 26, 2024



**MANAGEMENT: MR. UNNIKRISHNAN PM NAIR – CHAIRMAN AND
MANAGING DIRECTOR – ANLON TECHNOLOGY
SOLUTIONS LIMITED
MR. EMMYUNUAL S – CHIEF FINANCIAL OFFICER -
ANLON TECHNOLOGY SOLUTIONS LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to H1 FY '25 Earnings Con-Call for Anlon Technology Solutions Limited. 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 the star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Unnikrishnan PM Nair, Chairman and Managing Director from Anlon Technology Solutions Limited. Thank you, and over to you, sir.

Unnikrishnan Nair PM:

Thank you. Good afternoon, ladies and gentlemen, and the extended Anlon family. Just wanted to thank all of you for the encouragement and support that you have been providing us with all these months and a little over a year. And it has been an exciting time for us as we are getting ready for completion of a big dream from our side. We are passing through the -- last few months, we have been passing through the preparatory works for launching of one of the most successful products the airport market has seen from the German side. And we have been visiting suppliers.

We have been engaging them to get the right quality. It has been a challenge because the Germans have set a very high standard for the product, and we have been trying to achieve that. And thanks to the support of our OEM, they have spent considerable amount of time here. We have also scaled up our human resources capacity, both in terms of production as well as what is required for aftersales support.

The products will go into the market in the next months, and we need people who will operate and maintain it. So, it has been a challenge, balancing both the traditional business as it is healthy and also set up this new manufacturing area without any compromise on quality and working together with the Indian metal machining industry to cater to what we need. As you know, these are small batch productions, and you have a very selected set of machining companies who will work with you for heavy-duty small batch production.

So, we are passing through that. We have also been very fortunate to get some world-class products from the United States, the Germany -- from Germany to be imported into India. So, we are passing through an exciting time. You might have seen what we have published, both as a press release and the presentation for all of you. We have put all the facts and figures there.

And we would like this to be more of an interactive session. And therefore, I would suggest that it would be better if we are able to answer your question. So, I would request that from whatever you have seen like our filings, please let us know your questions so that we are able to answer you. Thank you.

Moderator:

Thank you very much. We will now begin the question-and answer session. The first question is from the line of Yash Poddar from Shivanssh Holdings.

Yash Poddar:

Thanks for the update on the on goings at the company. So, I just had a few questions to understand. So, the first question is regarding the current revenue segments that we are targeting at this point of time. Even in the last presentation, the new associations that were mentioned, it seemed that the tilt was more towards continuing to target the airport segment and airport expansion story in India.

So just wanted to understand a little bit, is our strategic direction as a company and vision that we target and capture the airport growth segment and specifically provide not just equipment, but the other ancillary services and segmentations to the airports? Or is that not our focus point? And -- or are we just say, for example, targeting, say, just the fire management market as a whole? So just trying to understand from a vision perspective and your thoughts on that.

Unnikrishnan Nair PM:

Yes. Thank you, Yash. So, let me answer like this, okay? Now when you -- we are basically strategizing market as per our area of operation, okay? That means we are into -- like I mentioned earlier, we are into mobile, firefighting, rescue and evacuation solutions, okay? Number one, one of our most widely operated area. In this segment, we are concentrating on three markets, okay? This can be -- our key focus is -- can be divided into three market segments. The major thrust continues to be on airport because this area is not catered by many companies.

So, we are drawn to support this market. As you can see from the disclosure that this year continued to be one of the strongest years for us for airfield crash fire tenders, maybe one of the record years for us in terms of order booking. All of them we have disclosed and you know the details already. So, the major thrust by market demand, I can say not by choice, but by market demand continues to be aviation, civil aviation, okay?

Number two, a major thrust is now coming up is the petroleum segment, okay? We are working very closely with -- it's not so easy to bring a change of mindset into -- you bought an ambassador car and my predecessor bought it. So, if I buy it, I'm safe, no vigilance, okay? So, this attitude has to be changed.

We are working with a very progressive looking ministry and bringing in products, especially in the light of some incidents happened, including the Vadodara IOCL issue. We are discussing with them for a change in specification and performance requirements. This is petroleum, petrochemical.

The third segment is civil municipal and state fire and emergency services. You might have come to know that 14th Finance Commission has laid a major thrust into this for what they call as the modernization of Indian firefighting fraternity. We are working very closely with them. In fact, if you look at some of our new additions, they align with this policy. because the LION Protects are actually not only for airport training, they will also train people on an apartment fire or they will train people for a refinery area fire.

And the other area, Bridge hill is also complementing to this because we will be able to package equipment vehicle and what we call a rapid intervention product. Yes, because if an electrical car is on fire, there is no time to think. You have to just cover it and cut off with oxygen. Then we follow it up with the real equipment that will fight fire. I don't want to get too much technical, but what I'm saying is -- so that is in mobile firefighting area, okay?

Yash Poddar:

Understood.

Unnikrishnan Nair PM:

Some of the other products are only applicable for airports. For example, runway rubber removal is applicable for airports, but there is a possibility for Formula 1 car race track. But we have not got that in the so far because we are now up to north level, catering to around 7 airports in the

country as we started beginning of the year itself. This is our first year of manufacture. We are only 8 months into the factory.

Yash Poddar: Absolutely. Absolutely.

Unnikrishnan Nair PM: We have a great load -- workload to meet this requirement.

Yash Poddar: Yes. Yes. Absolutely. Absolutely, sir. Just following up on that question a little bit. So, in the next few, let's say, quarters or -- not even quarters, let's say, the next, say, 1 to 2 years, will the kind of manufacturing setup that we have today for one specific item and product. So, you foresee more of that to happen for within the airport market segment itself because as you said that the demand and the pull is coming from that segment.

So, going forward, should we expect more announcements in terms of tie-ups with other OEMs mainly for airports, along with potentially more or expansion of manufacturing setups for mainly catering to airports? Or will we kind of, as you said, go with the flow that if there is demand from somewhere else, we could sort of be pulled in that direction. Just trying to understand your thought process.

Unnikrishnan Nair PM: Yes, it is like this, okay? Now this year, I mentioned that we have probably one of the best years in 17 years, okay? This is all replacement cycle actually. So, seven airports in the country decided to replace their fleet, okay? And we foresee a situation because these are -- these trucks can last nearly 25 to 30 years, they might come back again for a refurbishment to be used in Tier 2 or Tier 3 airports, okay? So, this has been a recycle, let's say, replacement cycle, okay?

So, this is completely not the new -- only 5 trucks are for a brand-new greenfield airport but all 19 are for replacement cycle, okay? You might have seen from our disclosure. Though the Finance Minister announced starting of 100 airports can be theoretically a little bit impossible target, but I hope around seeing the determination of the government, it should be at least 60, 65 for a conservative figure. But that cycle has not started because it's a process of tendering. It's a process of who will be the builder of that airport. And then it will follow.

As far as I know, only Chennai is coming to some shape. The new Bhogapuram, we already received the go-ahead for LOA, which we disclosed already. So, these are the 2 new greenfield projects. Chennai is slightly lagging behind. But Bhogapuram is -- GMR has already gone ahead and given us the go ahead to manufacture the trucks.

Yes. So, to answer your question, the aviation market continues to be growing. It has to grow. And the government policy also substantiates that -- into that direction. So that will continue to be a growth segment for -- 2030.

Yash Poddar: Okay. Okay. And just a last question on my front is in the current airport clientele that we have. In one of the slides, you had laid out all the airports that we are working with along with other corporations and companies. So, when I specifically focus on, say, the airport parts and some of the larger corporations, is there any number on the repeat order rate for new procurements as a new capital purchases along with AMC and spare parts? Is there any number on that we are

tracking as a measure of how we can tap into existing base along and what that existing base keeps returning to us at an ROI level?

Unnikrishnan Nair PM: I must inform you that the 100% recycle order, replacement cycle order has come to us.

Yash Poddar: Okay. Great.

Unnikrishnan Nair PM: Not a single truck has gone to anyone else. And thank God for the sweat and effort that we have put for 17 years, 18 years. We continue to be close associates with some of the major corporations in the country. And thanks to you, your support as well as my employees, my colleagues who worked hard and all replacement cycle has come to us.

Yash Poddar: Great to hear. Look forward to interacting further with you.

Unnikrishnan Nair PM: Right. And all these are disclosed, Yash. You can see it in our disclosures.

Moderator: The next question is from the line of Nikunj Mehta from Wealth Guardian.

Nikunj Mehta: I had a few questions. I'll just start with -- the first one being a little broader in nature. What according to you are the most critical elements in your business, if I were to ask a couple of points that you would mention are very critical in your existence itself.

Unnikrishnan Nair PM: Yes. Thank you, Nikunj-ji. Yes. See, the -- like I said, on hindsight, it seems to be that this segment wants longevity of service and support, okay? These are quite expensive equipment, and they want this to be up and running. So, the first differentiating factor that we have seen is that whether you are able to look after them or not, whether they will continue to back them up with spare parts and service, okay? So, we are trying to do everything possible to make those equipment up and running.

And if not, the investment to such a scale doesn't make sense at all. And therefore, it is one of the very crucial factors that we find every opportunity to train our people. A team just returned from Singapore, where our associate Rosenbauer trained them on electrical and electronics parts. I personally went to Belgium to visit a Mercedes and MAN aftersales service provider for third-party chassis. These are to support 17-year-old trucks in Jamnagar refinery. So, this is one of the crucial factors.

Second is some of these, especially the petrochemical and aviation are regulatory driven. So, the performances are regulatory driven. And time to time when the regulations change, your manufacturer should be able to adapt and accommodate those new performance requirements into the product line which we are fortunate with because a few of them, we do not have dozens of agencies, okay? But the ones that we have, some of them are world leaders in the technology. They are long-lasting traditional historical companies who have proved themselves. So that helps us.

The other thing is that now if we have to refurbish a product or some of the parts have to be assembled and supplied, if they want an indigenization, we are ready to do with -- for that as

well. So, 3 phases of the market requirements, we are able to cater to, which I believe the market segment is appreciating – Nikunj-ji or you want to...

Nikunj Mehta:

No, no, absolutely useful and that helps. And to understand the competitive scenario, who would be competing -- who would be competing with us in the markets? Any key competitors that you could mention? And what in your eyes is our edge against them? What are we trying to create in sense over the longer term as an edge to compete against them?

Unnikrishnan Nair PM:

If you look at the market segment, let me just take you quickly through the market segment, okay? In mobile firefighting, our associates in Austria, we are very fortunate to have been working with them for so long. The differentiating factor there and the edge over competition is that this company, Rosenbauer Austria is probably only one company in the world who does only mobile firefighting. So that means, as you know, there are 3 areas. One is fire protection, fire prevention, firefighting, okay?

Fire prevention is the materials that you use for wiring, you have a special door, you have a paint that doesn't catch fire, those things, okay? And then fire protection is sprinklers, sensors and all these things. And firefighting is once the fire breaks out. So that means the pumps, what all those things you do externally to fight the fire. All the 170 years of their existence, they only focused on refining and refining and refining on mobile firefighting. They didn't do anything else.

So therefore, all the innovations you see today, they pioneered it, okay? So, we are content with that. We are not -- so far, I have never strayed into any of the other areas, okay? So, this is one of the edges. And we have -- we are a full liner. When I say full liner, anything that is required for mobile firefighting, we have a solution. So therefore, the customer does -- see, for example, you need an airport fire engine, okay?

The problem is you buy a fire truck from somewhere, you get an American pump, an Italian foam proportioning system, okay? And a monitor, a drawing monitor from Czech Republic, you put together, 2 years after warranty, then the customer will run pillar to post to get the aftersales support because the engine guy will say the pump is the problem. Pump guy will say engine is a problem.

We are bumper to bumper responsible for every single part of the fire engine. This is one of the most discerning or distinguishing factor that works in favour of us. We are a full liner. Not only the truck, every single equipment that is stored on the truck will come from us. Maybe they are made by third party, but verified, tested and approved by our associates. So, this is -- if you ask me due to paucity of time, sometimes I get excited, but I hope I answered your question, Nikunj-ji.

Nikunj Mehta:

Yes. But any names that are competing with us other players who are...

Unnikrishnan Nair PM:

In fact, last 1.5 years, only one place I have seen a competition from a company from the Middle East, but they have been predominantly a static firefighting company trying to make products for mobile firefighting. But of the last 1.5 years, I saw them in only one place competing against us. So earlier, it was more frequent, but I think this is a very high-performing truck. The German, Austrian engineering is strongly backing up this product. You can't put together like a LEGO,

10 parts and make it work. It doesn't work. It accelerates with the 50 tons payload from stationary to 80 kilometres in 22 seconds.

It can tilt 30 degrees. 30 degrees, it can tilt. It can take -- that means it will take the high-speed cornering any part of, let's say, Mumbai Airport. You see the peripheral road has got curves and all these things when attending a call. I mean some trucks have sometime in the past have hit the airline probably. Yes. So, this is real engineering. So, this is giving us a differentiating edge over the competition.

Nikunj Mehta:

Right. Sir, my next question was on a couple of figures that numbers that I was looking at. So now that the Bangalore facility has settled and it started, what according to you is the optimal or the potential revenue that you can generate from this facility itself over the long term when it's fully operational and you can get in all the trucks that you plan at a time and the throughput is as desired.

Unnikrishnan Nair PM:

The optimal capacity will be achieved in the, let's say, from a time of around anywhere from 18 months to 24 months. I am saying optimal capacity. I will tell you an example. We are now installing an automated parts retrieval system, okay? This means that at the moment, we are doing 16 machines, okay? Seven big, 9 small; 9 small for a major automotive company in the country, one of the largest car manufacturer in the country with the Japanese collaboration.

I don't know if I'm allowed to take names, I'm a little scared about that, nervous. But one of the largest automotive manufacturers in the country. And the other one is for various airports, seven airports. I'm really grateful that seven different managements have put their trust on us to order a major critical machine in such a way that if this machine misbehaves, one of the largest collaterals in the airport will be destroyed, yes. So, we are at most -- we are very careful.

We are not reinventing the wheel. We are getting it done by the original equipment manufacturer in our presence in Bangalore. And the first machine will go to Germany. It doesn't matter if it is too much shipping cost. That's okay. But this will go to a severe testing facility in Germany, okay? And so, at the moment, we are in that cycle. Once this warehousing facility is ready, and we are building a lab and the electrical and electronics facility, unfortunately, due to bad weather, this is a double ceiling height lab facility, which will be finished.

We wanted to finish it in by September, October. I think this will go to another 2 or 3 months. Once this is done, what we would like to do, what we would like to achieve is that we would like to come to, let's say, the German, for example, the Austrian turnaround a big truck in about 3 weeks, and their assembly line of the mechanical components is just one week.

This is the best example in the world, okay? So, per bay, they turn around a truck in about 2 to 3 weeks. We are not looking at that. We have 7 days. We are looking at somewhere about, let's say, per month or let's say, average around 4, 4.5 weeks a truck, if we have the right atmosphere, but that we will hit there only sometime in 18 months. Now we are trying to finish. We are -- Nikunj-ji, let's say, at this point in time, we are not racing against time.

We cannot afford to do it because we are doing it first time in India. And we cannot afford to have any quality problem, any issues in performance. So, we are taking at the moment, more

time than that is required per average truck. So, at the moment, I'm not racing against time at all. That's the reality.

Nikunj Mehta: No, that's a very interesting way to look at it that rather than just going after numbers, it's the quality and the surety that you are also seeking at the same time. After this Bangalore facility, we don't have any major capex plans in the next couple of years. Do we plan to set up anything, spend anything?

Unnikrishnan Nair PM: Yes, we are now talking to Karnataka government. We will invite them. We will see them our situation. We have got -- let's say, guys like Honda got 50 acres and all. So, we had actually applied for three acres from these two and finally, they gave 1 -- situation. I mean I'm not blaming anybody. They are supportive. They are good government. I have no problem. Both the governments have supported us.

But now fortunately, just 2 or 3 kilometres away, they are developing another industrial area. The Doddaballapur area is developing fast. It's one of the identified areas for a second airport. But we are -- I and Emmyunual are trying to approach them in the near future, showing them actually what is going on that we need to have more space. Yes. By God grace, I think we will need more space.

Nikunj Mehta: Okay. And how much would you spend for that facility if that were to come in?

Unnikrishnan Nair PM: We are looking at making this -- on a long run, making this as a competence centre. I mentioned to you about labs and some testing facilities, right?

Nikunj Mehta: Understood. Okay.

Unnikrishnan Nair PM: So, we will make this as a competence centre. And this will eventually -- our vision is to make this a prototyping and R&D facility. And therefore, we will need for fast production, fast turnaround of components, we will have to move to another facility, which is much bigger than this.

Nikunj Mehta: Understood. And sir, our AMC revenues in FY '24 was about INR10 crores, INR15-odd crores, if I'm not wrong. Where do you see this number being in, say, 3 years' time?

Unnikrishnan Nair PM: No, every truck purchase need to have AMC. There is no one else because I would not call it monopolistic, but you have to -- the truck of this technology, there is no one else who can support you. But we are grateful. I'm not -- please don't take me wrong.

Nikunj Mehta: No, no.

Unnikrishnan Nair PM: We are proud that we will continue to support them. In fact, we offered most of the existing people very attractive terms and conditions. They are happy to work with us. I will not say nobody will accept very much being monopolistic, but we are trying to -- yes, so some new people have also approached us. So, we are working on that.

Nikunj Mehta: Okay. And do we change the drivers also of all our vehicles or that is the airport responsibility? Are they on our payroll? Just wanted to understand that technical aspect.

Unnikrishnan Nair PM: Yes, it depends, Nikunj-ji. Number one, in fire, I do not have a statutory, let's say, mandate to run those trucks. I am a purely equipment supplier. But in case of runway rubber removal, that is a very different machine because it employs 2,500 bar pressure. None of the airports wants to operate it by themselves and maintain it themselves. So there, we are also giving operators. In some places like Ludhiana, this is -- I'm talking about civil firefighting, okay? Ludhiana, in Jabalpur, Mira-Bhayandar in Mumbai, not now, but -- in Thane, for example.

There, we provide a person, but he will only assist if the firefighter has a confusion. But by law, they have to operate it. They are responsible for the response time. They are responsible for firefighting parameters. They are responsible for rescue and evacuation, how fast they do it and all that.

So, runway rubber removal, friction testing will be done by airport staff because they have to have the complete control over it. And they are -- values that they need to report to the DGCA. So, it depends on what you do. Some people want to take -- want us to take operation and maintenance. But if it is not -- if it is statutorily allowed, then we will take it up.

Nikunj Mehta: Right. Sir, my last question is we are doing a lot of different strategic tie-ups, and we are now getting into these assemblies also. So, as an entrepreneur, what is your vision for Anlon over the long term? Where do you see the company in, say, 5, 10 years? What would be like can you throw -- can you paint us a picture of how Anlon would be in your eyes in 10 years' time?

Unnikrishnan Nair PM: In 10 years' time, in the key market segments that we are in, we will be partners of our OEMs, both for Indian market and for global supply. It is the shortest possible way I can explain. Yes. So, Europe and the United States, especially Europe is passing through a time of talented young people and a lot of challenges.

So, we are working together with them. I wouldn't say we are -- we will replace them. It is not our vision. It is not our aim, not our intention. But we will work together with them that they are evincing a lot of interest in partnering with us. The other -- last week, we had a manufacturer from the United States. We had a 3, 4 days discussion, and he has shown much bigger interest in indigenizing and taking supplies from us for global supplies.

Nikunj Mehta: That's very interesting.

Unnikrishnan Nair PM: So, we are -- I must tell you that we have a great wealth of talent. We have people who are committed in terms of quality. If we work with them, that's what we have seen in the last 3, 4 months. If you handhold them, if you bring the original equipment manufacturer, for example, welders with welding experience for 20, 25 years, some of them, the Germans are themselves pleasantly surprised, the hand control and the risk appetite and the way they work, but they need handholding. They need training. So, I would say we are inferior to none, and we will complement the global supply chain along with our associates.

Nikunj Mehta: Your answers were very enlightening. It helped to understand the company. However, I'll just mention that there's much more that I would like to understand. And in the respect of time, I'll get back in the queue, but I'll request for a meeting if I can get through. I'll reach out to you through Palak, please, if at all.

- Unnikrishnan Nair PM:** Please, Nikunj-ji. Most welcome. Yourself, Yash, all of you are most welcome. We will find time for you.
- Nikunj Mehta:** Appreciate.
- Moderator:** The next question is from the line of Mulesh Savla from Shah & Savla.
- Mulesh Savla:** Just in continuation and to sum up what you said in the past question that we will be sending one of the vehicle to our original equipment manufacturer for testing. And if that is satisfying all the conditions, rest of the equipment would be delivered from here only, right?
- Unnikrishnan Nair PM:** Right. So that is what we are discussing with them. And we would like them to see before we supply to an Indian airport what we have achieved in this month. Okay. And secondly, they have a much, much better, let's say, field testing area. So therefore...
- Mulesh Savla:** Right. I'm just trying to understand this from the logistic perspective because in the given geopolitical situation, probably if you have to ship the vehicles to Germany and call it back might take a lot of time and it may involve a huge cost also in the present scenario. So, sending all the equipment there for testing may not be practically viable. That's what I feel. But I'm sure from assurance and quality perspective, you may have a better understanding of the same and you may give your view on that.
- Unnikrishnan Nair PM:** Yes. Mulesh-ji, only the first unit.
- Mulesh Savla:** Right, right, right. That makes sense. That makes sense. Yes. So, the first order that is being executed at our premises is likely to be delivered when?
- Unnikrishnan Nair PM:** We are trying everything possible to send it actually as possible from our side. I'll explain that to you, okay? We are in -- for example, we have 21 Indian fabricated components. And these 21 Indian fabricated components, let's say, 40% was accepted in the first inspection. Then it was passed on to the German team. They accepted something like 30%. Then next 30% to 35%, they said, no, this needs rework. This has to be -- next around 30%, 35%, they rejected it completely outrightly rejected.
- In that sense, someday, if you look at me, I'm completely gloomy and disappointed because some of them say we think that was the best quality, but they say, no, no, this cannot be done. There is no question of discussing it with them again. So, this cycle is now -- we are closing in that now, let's say, around 80% to 85% are now accepted by them.
- Mulesh Savla:** That's really nice.
- Unnikrishnan Nair PM:** Yes. And so, we are producing the material quality certificates. We are providing them. The -- if you were with me, I would have shown you a WhatsApp from one of the suppliers saying great relief, we passed the vacuum test. So, I mean, initially, he hated me.
- Mulesh Savla:** I can understand the way the work was initially inspected and part of that was rejected.

Unnikrishnan Nair PM: Yes. So, this is a problem with the timeframe. But as you know, all customers want to spend their budget before 31st of March. So, we are in one way, gearing up everything possible to meet their expectations.

Mulesh Savla: So, two things. All this 19 equipment's that you said, 9 -- sorry, 16, nine small and seven big, all are expected to be delivered before 31st March or part of that will be delivered before that?

Unnikrishnan Nair PM: This is what our customers want and they are chasing me for it. However, having said this, however, if let's say, if there is a performance issue, for example, 95%, we are not expecting them because we are doing stage-wise testing. So, there are basically two ways you can do. You can put together an equipment and test it for performance, but you can also test individually and put it together and then test together.

We are adopting the second method. So, it depends. As of now, we don't foresee any issues. But if there is any component issue or anything that the manufacturer says, okay, take it back and I will give you a new one, something like that, then it may -- some or a few may go into next financial year. But otherwise, we are on target.

Mulesh Savla: That's really nice. So basically, with the kind of talent we have and the kind of strong bonding and relations we have with OEMs, I'm sure we will be able to create a very good moat, whereby no other company in the country will have such a unique combination.

Unnikrishnan Nair PM: Correct Mulesh-ji. Thank you so much. Thank you.

Mulesh Savla: Yes. That's really nice. And just to know a little more on the order pipeline. Can you throw some light on how the order book is shaping up and how the traction is building up?

Unnikrishnan Nair PM: For this financial year, as whatever we have reported and shared with all of you, it's a mixture of manufacturing and the traditional business. This 16 what we are manufacturing plus the other part of the traditional business that we need to fulfil later part of the year plus the early part onwards of the next financial year. So, this is a combination of both. Yes. So Emmyunual, I think we have given the details in the presentation or what? Can you please explain sir...?

Mulesh Savla: I think it will be there. I was more keen to know about the upcoming tenders and any new inquiries or things like that.

Unnikrishnan Nair PM: No, no, no, understood, understood. Sorry, I misunderstood the question. So, the coming years, actually, if you remember, in the past, we were trying for several projects, okay? Some of them got delayed. One of the main reasons where the election and especially the Maharashtra election also delayed some projects. So, we expect them to spill over to the half of the coming financial year. So, we are expecting a few projects to be completed. Some are in civil firefighting area. As I probably informed most of you in the previous meetings that there is a very special segment for high-rise building rescue machines.

So, we are approved by our OEMs actually a long time ago. According to that, we have participated in tenders, and -- but most of these buyers are government companies like municipal corporations, where the process is slightly longer. And they are very badly affected. I mean, I

should not use the word badly, but they are a little bit affected with the election schedule. Yes. We are also okay that this gives me some briefing time to organize myself and we will take them up in the -- now the election is clear and they can proceed well.

Mullesh Savla: So, there will be tender like situation or one-on-one ordering?

Unnikrishnan Nair PM: In two opportunities, we are already lowest bidder, and we are waiting for orders.

Mullesh Savla: Great. Great So if I have to just give some number to it, can we expect orders of about 25 vehicles for the next financial year?

Unnikrishnan Nair PM: I wish this becomes true, really.

Mullesh Savla: I'm just asking you from the traction that you may be having or the inquiries you may be having with different, different airport authorities and civil service, BMCs and all. So, your just estimate and your gut feeling.

Unnikrishnan Nair PM: I can see -- sir, one information I would like to share with you is that it depends on purely on the type and size of the project. There are some projects that may absorb Anlon for 2 years. It will be 10 equipment. So unfortunately, or fortunately, we need to be really, really choosy. And this is very typical of this market. Let's say, Rosenbauer gets 250 airport fire engine order in 2024, they are shut down -- not shut down, they are closed for any other airport until '26.

This is a very -- because these are not batch production you see. You produce on order. And if the order is of a significant size, then you have to concentrate everything fully on completion of those orders.

Mullesh Savla: Correct. Correct. Correct.

Unnikrishnan Nair PM: Those orders will be of significant size too and worth investing.

Mullesh Savla: Great. Great. And I'm sure there will be other participants also to ask questions. I have one last question on some cluster, you were saying that some firefighting systems are being developed, and we are likely to get some tenders or the orders for such clusters. Can you give us some more color on that?

Unnikrishnan Nair PM: Clusters? clusters -- is it for aviation or you are...

Mullesh Savla: No, it is for some risky zones where some -- I don't know, I heard somewhere you saying something on that line, but I don't exactly remember what was it. Never mind. If you recollect or if you get some idea, you please let us know. Otherwise, we will take it offline sometime. By the way, thank you so much and wish you all the very best.

Unnikrishnan Nair PM: Yes. Thank you for your words of blessings and encouragement.

Moderator: The next question is from the line of Santhosh from Viansh Ventures.

Santhosh: Santhosh. I'm from Viansh Ventures. So, I just want to understand about the new companies which you tied up with like LION Protects and Graco and Bridge hill. So, what is the system here, like....

Moderator: Sorry to interrupt. Mr. Santhosh, can you please use your handset?

Santhosh: Is it better now?

Moderator: Yes, sir. It's better.

Unnikrishnan Nair PM: Much better. Santhosh-ji we can even see you what equipment you're using.

Santhosh: That's great. Yes. So, for the new companies which we tied up with like LION Protects, Graco and Bridge hill. So, the equipment and all which you will be supplying for the customers and all. So, it will be a tender based? Or is it -- so it's like a direct whenever they want to produce and supply or there are tenders for this kind of products and all like the Lazor Marking Machine and all which you mentioned in the presentation?

Unnikrishnan Nair PM: Yes. So, Santhosh-ji, I will just explain sector-wise, okay? If you look at LION Protects and Bridge hill, they complement to our traditional business areas. LION Protects is as a company, a very unique company in training the firefighters, okay? Our long-term associate Rosenbauer themselves have got training product. So, LION Protects will complement those training equipment, number one.

Number two, in the area of personal protection equipment, at the moment, we have only EN approved that means European Nations approved PPEs, personal protection equipment, okay? LION Protects will bring us NFPA. NFPA is an American standard, National Fire Protection Association in the United States.

So, if someone wants to buy a personal protective equipment with American standard, LION will help us. And if it is EN, we will continue with the Rosenbauer. So, this was done with a lot of thinking inside internally within ourselves and also to avoid conflicts.

So, LION -- and then LION for your information is also very unique in the way that they have digital firefighting solution. That means your firefighter can be inside a digital room and the walls and everything will simulate the fire. And your trainer will give you a hose and wherever you point, the fire will react according to wherever you point and that crane will show the extinguishing agent falling into the fire. It's amazing.

You will think that you are in the fire. With light, the whole room is dark actually to scare you, okay? So, they are very good in -- see, today, one of the -- I mean our country is developing, but one of the biggest problem we are facing is we have a lot of young men, who complete college graduation and then join a fire service. They get a training in Nagpur or somewhere 3 months or 6 months.

And then these 4 guys are pushed into actual fire situation. We do not have a system for simulated fires, and we do not have a system. I mean, there are old cases. Even airports are buying only implementing it now.

So, there's a huge gap in terms of getting people domain ready, job-ready. I don't know what the apt word to call it. So, you need to fill this gap. You can sell sophisticated equipment to people. But they must know how to mentally be prepared. If you stand on top of a turntable ladder that goes up to 64 meters height, and where you see the chassis that you came in like a matchbox downstairs, you will have butterflies in your abdomen.

So, we aim to season people. We will first simulate 10 meters. Let them do a lot of work around it, then we will simulate 15 meters, then 20 meters. This is a justified reasonable training that our young people require. They cannot do magic. They cannot do miracles. That is why we are aligned with the LION Protects. Yes, they have a wonderful product for digital firefighting.

I'm not talking about stock market firefighting but this is a original firefighting. Yes. And then Bridge hill, Bridge hill has -- we need Bridge hill support because the -- we are in an evolution stage when EV vehicles are coming, okay? We are still figuring out what are all the protective systems that we require.

We have two solutions we are offering for EV vehicles, okay? This is also offered to companies like Maruti Suzuki and several other companies, but 2-wheelers are coming innumerable. So, there are electrical buses all this thing. So, we are working with 2 products.

One is to immediately put out the fire that the fire doesn't reach the -- or affect the battery. The other one is if it is affected the battery, how to pierce the battery and extinguishing it. We call it battery extinguishing system technology. Best is made by Rosenbauer, our traditional associate. This is when you know for sure, the battery is affected, then you can expect an explosion, okay?

The Bridge hill will most likely prevent 70% of the cases not spreading to a battery fire. So, these -- and then coming Graco. We have, as you might have come to know, our OEM in runway rubber removal machine is a company called Winter Grün, okay? Winter Grün before even decades before runway rubber removal machine, they were traditionally in paint marking machines. But their paint marking machines are for one particular type of line. If you just compete in that, you need a complementary one for smaller lines. So that is how we tied up with Graco.

Graco is a world leader. I mean, undoubtedly, way ahead of all other competition for -- especially for airless spray. And you can imagine there -- the airport market share is just less than 2% of their other market opportunities. So, they are -- we are fortunate to have been together with Graco. For future projects, we are -- we will become a full liner, more big airport lines, we will be selling Winter Grün paint marking machines.

And for smaller, we will use the Lazor Line Marking Machine of Graco. So, this is mainly about the new associations that we formed. In fact, for your information, Graco had approached us in 2019. With a lot of regret, we had refused at that time because we thought it will come into conflict with Winter Grün, and that is unethical for us. So then -- now we came -- later on Winter

Grün themselves became the sales agent for Graco in Germany. Therefore, now they have come back to us and we are tied up together.

Santhosh: Okay. Okay. So, sir, this production solution, which you'll be providing on behalf of the companies in India. So, the customer when you provide. So, what is the mode of the service which you provide? Like there will be tenders or it will be like company to company based? Or how is it?

Unnikrishnan Nair PM: If you look at the market segment, it depends on which product. Like I mentioned to Nikunj-ji some time ago. We haven't seen much competition in the last 1.5 years in airfield crash tenders. I mentioned to him that we face competition only in one project. That doesn't mean that we can walk away -- it's a cake walk. I don't -- that's wishful thinking.

But at the moment, the situation is like that. I do not know why it is like this. The second is run -- sorry, high-rise building rescue machine. There are totally only three reputed companies in the world for a high-rise building rescue machine because it's a very extremely risky work. You are sending people up to 90 meters, 30-storied building on a chassis mount -- on a ladder mounted on a chassis, automotive chassis.

So, there are not many who are in this field. And even these 3, one company is restricted to a certain height. So, if the tender is beyond that height, he doesn't participate. And fortunately, or unfortunately, the only competition left has a 30 to 35 months lead time. So again, I hate to use negative market terms, but we sometimes have an advantage in that market segment as well.

Santhosh: Okay. Understood.

Unnikrishnan Nair PM: And then we -- you are coming to which other project -- yes, like runway rubber removal, we have competition. However, when we start the indigenization, we are able to pass on to the market a significant economical advantage, which the other party is not able to do, unfortunately. Yes. So, this is the market segment at the moment.

But believe me, Santhosh-ji, every project is hard fought and hard won, yes. We are also into indigenization of sweeping machines as well. Even -- I mean, afterwards, when you see, okay, you said you won it. But every single stage in India, it's one of the toughest markets in the world itself. Did I answer you satisfactorily or...?

Santhosh: Yes, sir. So, in the revenue contribution, if you see our direct sale is what we are saying 10% to 15%. So, what is the expectation for the next 3 to 5 years from our own manufacturing? If you -- I'm taking a long-term horizon, what is the thought process there, from that, say, how much you want to generate in the long term from that manufacturing?

Unnikrishnan Nair PM: We will know only when we finish the first cycle from Santhosh-ji. You know why? Because we are now -- in fact, a major threat area is behind us, which means are you able to get good quality components or not? That is now solved. That is behind us. Now we are looking at a cyclic time and how to assemble it without the thrust of having to finish like a rat race. Yes. Once this is done, then we are fully geared up.

So, you will have to give me to go through this first cycle of delivery, then we will be more confident and more sure about how much intake we can take. And we are -- please believe us that we are not going to take orders just because of the -- to take the order. We have no compulsion. We will do the best possible product, the traditional product, which we know very well and which we can build very well, we have OEM support. We have good quality, and that itself is quite a huge demand.

Santhosh:

Yes, sir. So final question I have. regarding, for example, we are supplying it to major airports and then municipalities and a few companies in petrochemical and all. So -- and if you see there are other firefighting engines and other local players which are less costlier than -- way less costlier than the airport fire trucks which you manufacture now. Do you have any plan like maybe compete in that segment, but with better quality and all because there are a lot of scope there.

And apart from that, if you see companies -- other companies also when they have a manufacturing facility, they want to work on their fire safety and fire rescue. So is that segment any -- like we have any plans of going there, not now, maybe after some time like 3 years, 4 years kind of with any plan there because the market is comparatively what you say, bigger than airports and all in that segment, where we have local players, the fire trucks and all, but using our expertise, can we provide a little better quality trucks and supply to those segments also? It is my final question.

Unnikrishnan Nair PM:

Yes, the market is in a crying need for a better-quality equipment when it comes to civil firefighting. You need to be able to carry maximum amount of extinguishing agent to the affected site. You need to have proper way finding solutions, okay? We are developing products for artificial intelligence-based way finding solutions in the next 18 months or something. And the other issue is how to negotiate the traffic in the urban area. So, there are quite a few things. We would say we will come somewhere in a premium segment than the local trucks.

Santhosh:

Yes, yes. Because you said government is also trying to support. And slowly, as we -- as a country, we grow and all we will be wanting more premium, not so premium as airport, but in a midrange kind of. And then that too -- and we were having -- currently, the amount of high-rise buildings are increasing and also in that sense, and you told government is also looking into that way of increasing the fire safety and all.

So, all this, I know that things the government takes a lot of time. So, in that sense, do we have any plans or idea we thought, okay, can we come into this segment? Or is that segment we may come in later after some time? So, is that your thought process? I'm just trying to understand.

Unnikrishnan Nair PM:

Yes, Santhosh-ji, you hit the bull's eye. A few weeks ago, we are receiving an invitation from Ministry of Forestry -- Forest Ministry for participating in a forest firefighting solution seminar, which we did, I think, last Wednesday. This was conducted in Hyderabad. We -- it was a hybrid meeting. So, we participated online.

Maybe first time, first ever time that a Ministry -- Government of India Ministry is asking us to participate and contribute in the thinking process. And same with the Petroleum Ministry, okay?

So, I'm pleasantly surprised that the direction in which our governance is going is definitely encouraging.

Moderator:

Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to Mr. Unnikrishnan for his closing remarks.

Unnikrishnan Nair PM:

Yes. I really want to thank you that in '23 January, when we went public, I met quite a few of you and the words that you -- and that spirit is continuing through our QIP and all these months, we got good support. That's a big encouraging factor for us. And we are striving -- we would like to assure you just one thing that we are trying to -- striving really hard to achieve to turn around a world-class product to be made in India in the first -- in the next month.

So maybe my time with you is a little bit short. I'm unable to interact with you. It's not deliberate. It's because we are completely absorbed in this process. But you are most welcome to come and visit us. In December, we will be -- our plant will be busy with production. If you talk to Palak, you are most welcome, please come and visit us. This is not a disturbance, it's an encouragement for us.

Yes. So, thank you so much for the trust, for the encouragement, for staying with us through the thick and thin, and we are striving hard to live up to your expectations. Thank you so much.

Moderator:

On behalf of Anlon Technology Solutions Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.