



## W.S. Industries (India) Limited

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20th June, 2023

M/s.BSE Ltd.  
Phiroze Jeejeebhoy Towers, 25<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.  
**Scrip Code: 504220.**

M/s.National Stock Exchange of India Ltd  
Regd. Office: “Exchange Plaza”  
Bandra (East), Mumbai -400 051.  
**Symbol: WSI**

Dear Sir,

**Sub: Transcript of Investors/Analyst Earnings Conference Call held on June 15, 2023.**  
**Ref: Disclosure under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015**

Further to our communication dated June 13, 2023 and June 16, 2023, please find enclosed the transcript of the Earning Conference Call held on Thursday, June 15, 2023 at 04:15 PM to discuss the audited financial results for the quarter and financial year ended March 31, 2023.

This information is also available on the Company’s website [www.wsindustries.in](http://www.wsindustries.in)

For your information and records.

Thanking you,

Yours Faithfully  
For W.S.INDUSTRIES (INDIA) LIMITED

B.SWAMINATHAN  
COMPANY SECRETARY

**W.S. Industries (India) Limited**  
**Q4FY23 Earnings Conference Call June 15, 2023**

Represented by

1. Mr.K.V.Prakash - Whole Time Director
2. Mr.B.Swaminathan - Chief Financial Officer and Company Secretary
3. S. Neelakantan - Strategic Advisor

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY23 Conference Call of W.S. Industries India 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 “\*” then “0” on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. K.V. Prakash, Whole-Time Director of W.S. Industries India Limited. Thank you, and over to you, sir.

**K.V. Prakash:** Good evening. I'm Prakash, Whole-Time Director of this company. On behalf of the company, I would like to extend a warm welcome to all of you to our investors meeting. It's a pleasure to have you all here today to discuss the progress of our company over the past year and to share our plans for the future. I have with me Mr. Neelakantan, Strategic Advisor and Mr. Swaminathan, our CFO and Company Secretary.

W.S. Industries was established in 1961 with a mission to create an enduring benchmark in India for excellence in electro porcelain. The company earlier had 2 lines of business, manufacturing insulators and turnkey projects. Now the present business lines are infrastructure and IT/ITES-enabled services. I'm pleased to report that the company had a successful year achieving significant growth. Our dedicated employees have worked tirelessly to achieve this success and it is greatly for their hard work and commitment. As shareholders, we play a critical role in the success of a company and we appreciate your support and investment in our vision. We look forward to hearing your thoughts, your feedback during this meeting and we hope that you find it informative and engaging. Thank you for your continued support and we look forward to another successful year together. We would like to take the questions from our investors.

**Moderator:** We will now begin the question and session. Our first question comes from Keshav Toshniwal with Kamadhenu Industries. Please go ahead.

**Keshav Toshniwal:** Mr. My question is with regard to the Porur property which the company acquired, right? So, what is the plan of action with respect to the Porur property in the coming times? And what are the rental yields that we could get from that property?

**K.V. Prakash:** The Porur property was not acquired recently, it was in the company. W.S. Industries had acquired it long back in 1962, So it has been with the company for last 60 years. Now, we are actually in a very advanced stage of discussion with a very leading developer in India to develop IT-ITES to the tune of 1 million square feet. The government order has been obtained to this effect and we will be announcing the partnership very shortly. With regard to the yield, I would request Mr. Neelakandan to talk on the commercials.

**S. Neelakantan:** It's one of the most tony neighborhoods for ITES surrounded by the most prestigious RMZ, almost flanking the entire property. The property of RMZ is called RMZ Paramount and yields are in the range of Rs. 80 to Rs. 98 depending on the grade in office space. The rents will hover around those rates because it will be a B certified grade 1 office space. And considering that the Metro is also going to be completed shortly in say couple of years by the time the structure comes out, I think this quarter will be the most sought after quarter in Chennai because of the connectivity to the airport, the Metro bank opposite to the property. All these are value additive points and the whole ecosystem there is geared to IT/ITES and the Tamil Nadu government is also coming up at Nandambakkam with an international financial city. So, the requirement for space serving these clients will be enormous in the surrounding 3 to 4 kilometer periphery. So, we speculate or we rather think that the rents will go around Rs. 80 to Rs. 90 by the time the project is completed.

**Keshav Toshniwal:** That was valuable information. Next question is with regard to the order book of the company by closing at the year financial year '23-'24. And what is it like going forward. Do we expect more orders to come because of the power reforms the government has done?

**K.V. Prakash:** Yes. Actually, we are in advanced stage of signing up orders in the region of around Rs. 400 crores to Rs. 500 crores which will be announced in the next quarter. So, this is with regard to the infrastructure projects. The company, as you know, has diversified into the infra segment. We've executed the stormwater drain project to the tune of around Rs. 70 crore in Chennai. And another macro drain project to the tune of Rs. 47 crore. And we are also constructing the Trichy bus terminus which is to the tune of Rs. 200 crore. So, the company is actively engaged in the Infra segment. Extending this, I think

we are going to sign up projects to the tune of Rs. 400 crore Rs. 500 crore in the next quarter.

**Keshav Toshniwal:** That is like a crazy pipeline going forward. I wish you all the best and hope for the speedy execution of whatever the management talks.

**Moderator:** Our next question comes from the line of Dixit Doshi with Whitestone Financial Advisors Private Limited. Please go ahead.

**Dixit Doshi:** Sir, firstly, what kind of construction cost we are looking at Porur length? And by when you can expect the completion?

**K.V. Prakash:** See, this is going to be a joint venture. So, we will have a strategic partner to do the construction. I think it will be an A grade building, we have not estimated the cost. We are still in early stage to determine the cost of construction. That will be known in our future meetings. In terms of completion, I think we should be completing with 36 months to 48 months period.

**Dixit Doshi:** And so you are planning to do it in JV. So, what kind of stake W.S. Industries will be holding?

**K.V. Prakash:** We are yet to come out with the figures. We will let know the shareholders very shortly once we have signed that agreement with the strategic partner.

**Dixit Doshi:** Now second question is regarding, we have acquired a 254 acres land in Kancheepuram. So, if you can mention that, what are our plans there and what kind of investment it will require and what kind of potential revenue it can generate?

**S. Neelakantan:** See the 250 acres sits on the Sunguvarchatram Road. It belonged to an erstwhile company called IVRCL. The good thing about the acquisition was it came with 150-acre pre-approved by the Government of Tamil Nadu for light engineering and factory buildings. So, it's already 150 acres of it is already pre-approved. So, as we are speaking, there have been many people who have been talking to IVCRL to roll out the light engineering and warehousing. The nearest factory site is Samsung and Foxconn, Saint Gobain is only 3 kilometers. So, as we speak, there's a huge requirement for all these people to scale up their warehousing. So, it will be a blend of light engineering and warehousing and

electronic factories. Maybe we will parcel them that 25 acres and most probably they come with their own international property companies. So, we will be engaging with all of them and we want to look at the rental yield for that. And of course, we are having the stranglehold of the land because the rest of the land also has to come to us. There's a contiguous another 300 acres left. So, all of them have to come to us because we have taken the chicken neck of the property. So, I think if we're able to successfully construct the balance of the property, we can build a huge annuity yield over the next 10 years. There is so much of opportunity there. And the new airport, whenever it comes, the new airport is like 10 kilometres from our site.

**Dixit Doshi:** And in terms of EPC orders, so you mentioned Rs. 400 crore to Rs. 500 crore is at advanced stage. What is the current order book?

**K.V. Prakash:** Rs. 284 crores currently.

**Dixit Doshi:** And if you can just briefly touch upon that, what kind of EPC orders we target generally? Is it the civil construction, road construction or irrigation? So, what kind of orders we do? And also W.S. Industries was not into this business? So, what kind of expertise and promoter brings in, if you can just elaborate more on the background of the promoter and what is the vision of the promoter for this company?

**S. Neelakantan:** See, when we were speaking to Edelweiss ARC, because they had the company and the land with all the debt. So, we got together especially the promoters have a background of infra especially in road sector, irrigation and civil works. In fact, tomorrow this hospital is being launched, King's Hospital has been done by the promoters. So, the promoters have a long track record in executing infra projects. So, when W.S. presented itself as an opportunity, of course, there were challenges, W.S. was not functioning for some time, so we are also building back the electrical peak use though we have a huge history and legacy of delivering world class electrical projects. The TPs are not in place because of 3-4 years of non-tendering. Now all that is getting slowly resolved. Now, the promoters chipping in and getting all the infra orders. As we speak, there are some pending orders of W.S. in the electrical space in U.P., Haryana. All of these have been funded, closed. So, the W.S. is back on the watch list of all the tendering Electricity Board and private tenders. So, maybe second-half of the year, we look at the electrical contracting, which we have huge expertise. The

current batch of promoters with their existing infra of almost combined 80 years in infra, they are able to source the quality civil work products and quality infra projects. They are also shortlisted for a product which I think if things go well, we should be announcing in the next 10 days for a water project under the Jal Jeevan scheme. This will be teaming up with one national company and rolling out the water project.

**Dixit Doshi:** And do we have any other land bank now left after this Porur land bank.

**K.V. Prakash:** No, we will access more but this itself is huge, this is 254 plus 7 acres, over a million square feet. So, the 254 itself, it has 150 acres pre-approved. You can do almost 25,000 square feet per acre for development. So, almost 1 crore square feet I have approvals already.

**Dixit Doshi:** And is there any rough estimate of what kind of investment will be required for this 254 acres Kancheepuram land?

**S. Neelakantan:** See, how the structure works these days is you lock the land and ICCs are getting you from international players like Samsung, Foxconn, everything. So, they give a spec and they give a 10 year lock in on the rent. So, you have an option either you borrow or you construct or there are partners who come like Canadian Pension Fund. Most of these people, they put out the money for construction and we share revenues. So, this can be an asset light model or asset heavy model depending on the customer we are getting. Suppose I get Samsung for 30 years, then I will prefer to put out the money, own the property so I get a property permanently. Or if Canadian Pension Fund or most of the REITs investing companies, they have signed up with most of the top majors in India. So, they are looking for warehouse logistics where they put out the money for construction and there is a revenue share. And some of them have the clients also. So, we have to be flexible with them. So, if somebody comes with a client, then we'll have to do a revenue share with them because the client gives stability of earnings for next 30 years signing up of lease, plus incremental and the property is maintained very well by these international clients. Like if you give it to Samsung, you don't worry about the property.

**Dixit Doshi:** And the yield would be what, Rs. 20, Rs.30 per square feet?

**S. Neelakantan:** No, currently what we are negotiating is Rs. 25 and the civil work is not costly because they are simple buildings. It is not like the IT building where it has to be very fancy.

**Moderator:** Our next question comes from the line of Vijay Rawat with Vedant Capital. Please go ahead. Vijay, your line is unmuted. You could please ask your question. Since there is no response, we move on to our next question, which is from the line of Sanjeevkumar Damani with SKD Consultant. Please go ahead.

**Sanjeevkumar Damani:**I'm really very happy to listen to you. Your voice has lot of confidence. We are looking forward to some very good days at W.S. Industries.

**K.V. Prakash:** Thank you very much, sir.

**Sanjeevkumar Damani:**The Company has an insulator manufacturing, right sir. So, can you kindly briefly start with one fact whether are you going to start manufacturing of insulator again or you are looking to simply do project for erection and commission on infra basis?

**K.V. Prakash:** Sir, the insulator business is very challenging and so we have phased out that business. We don't intend restarting the business. And I think currently the new set of promoters, our specialties is in the infra segment. So, we intend carrying this business to the next level and as you can see that the turnover has shown significant increase.

**Sanjeevkumar Damani:**So, I am ascertaining from you that you are not going to start manufacturing of insulator in the near future, right?

**K.V. Prakash:** Not really.

**Sanjeevkumar Damani:**The second question is that this W.S. Industries owned lot of factories, the one at Porur, I think, the pronunciation if it is correct, Porur which is the city of Chennai and some Vijayawada land was also there. So, can you kindly brief what kind of land bank the company owned when you took over sir?

**S. Neelakantan:** When we took over, sir, we had 2 parcels, one in Vizag and one in Chennai. The Vizag unit was with an ARC called Edelweiss and the Vizag plant was shut because the Chinese imports dumping resulted in the SEZ unable to perform. So, along with the Edelweiss ARC, we found the promoter who could

take over that and the entire debt was closed and the company made a profit on the reduction of debt which also has been referred to in the accounts. So, as of now, we have 1 land bank, which came with the company, which is 7 acres in Porur, translatable into a million square feet of development and we have now acquired 250 acres in Sunguvarchataram which is the fastest growing suburb of Chennai, sitting on the Sriperumbudur-Bangalore highway.

**Sanjeevkumar Damani:** It's 254 acres which you just now talked about, right?

**K.V. Prakash:** Yes.

**Sanjeevkumar Damani:** It is 254. So, 7 acres of land is the land which we have got here in Chennai city where we are going to construct IT and ITES.

**S. Neelakantan:** We have also received the Government consent to establish an IT/ITES there.

**Sanjeevkumar Damani:** So, how many floors we are going to construct in the building?

**K.V. Prakash:** We are yet to come up with the design, sir. We are working on it. Because it's going to be a JV, the design has to come from our JV partner. We will announce the details shortly.

**Sanjeevkumar Damani:** Can you give me a rough estimate of the market value of this land?

**K.V. Prakash:** It's about Rs. 45 crores an acre, sir.

**Sanjeevkumar Damani:** Secondly, promoters have intention to transfer their all existing business into this company or they will run parallelly the other businesses?

**S. Neelakantan:** See, some of the promoters have own family held Companies. So, wherever they are strong, those businesses are already being transferring here. So, slowly, they will exit the family business and come here.

**Sanjeevkumar Damani:** Because our ability to participate in a bigger project which will be more in W.S. industries rather than an individual pipeline.

**S. Neelakantan:** So, that's gradually happening. We see in W.S., we will finish with an order book of Rs. 1,200 crores. We may do a turnover of Rs. 300 crores, Rs. 350 crores, that's only because of the Promoters strength. So, slowly they are migrating all the business.

**Sanjeevkumar Damani:** Sir, I have got my message and I really wish you all the best and congratulations to you for reviving this company and the other company.

**S. Neelakantan:** We have 8,000 shareholders, sir. So, we are happy for all the support.

**Moderator:** Our next question comes from the line of Dhanush, an individual investor. Please go ahead.

**Dhanush:** Sir, you just mentioned that 1 million square feet can be constructed in Porur, right?

**K.V. Prakash:** Yes.

**Dhanush:** And it is Rs. 80 to Rs. 90 per square feet. So, revenue potential will be approximately Rs. 10 crores, right?

**S. Neelakantan:** Sir, pardon me. Let me put it this way. If you do the construction and keep the full assets in our books without a JV partner, the market is very challenging because you will have to go to an RMZ or a Prestige or a Brigade or some quality, only then you attract world class clients. India is now almost 4 to 5 people in India have cornered the entire software and ITES market. So, they will put out the infrastructure. So, we will be happy tenants collecting our rental. So, that ratio, we will let you know. It will be announced once we complete finally.

**Dhanush:** I am asking combining the both share, it will be Rs. 10 crore revenue potential, right?

**K.V. Prakash:** Per month, it will be Rs. 10 crores.

**Dhanush:** And sir, one more thing. You mentioned that we have 254 acres in logistics park in Sriperumbudur.

**K.V. Prakash:** Yes.

**Dhanush:** So, what will be the chargeable area on this, sir? How much are like FSI for this land?

**K.V. Prakash:** It will be around 25,000 square feet per acre, sir. Beyond that, you can't exploit. Thumb rule is around 25,000 because you don't consume FSI in warehousing. But we will go high so we get a good rent for it.

**Dhanush:** So, including that height the total is 25,000 square feet per acre?

**K.V. Prakash:** Per acre, that's maximum we can do, sir. Otherwise, it will become very clumsy.

**Dhanush:** And we have got approval for 150 acre already?

**K.V. Prakash:** 150 acres is already approved by Government of Tamil Nadu for light engineering and warehousing.

**Dhanush:** So, when can we expect this to get into our revenue, sir, like 2 years, 3 years down the line, 36 to 48 months.

**S. Neelakantan:** Sir, we are hoping to sign the first client in 9 months, sir. And for this, it doesn't take 3-4 years. Once you sign up the client, this infra is rolled out in 6 months max. It is a very simple structure.

**Dhanush:** So, your revenue will start immediately after like you're signing.

**K.V. Prakash:** Yes. The cash out is also very low, and since only 150 acres is approved, if I do 25 acres, I can start the work in 6 months. It's not difficult.

**Dhanush:** Sir, can you repeat what you said at the end.

**K.V. Prakash:** Since I have 150-acre approval, I can start 25 acres tomorrow morning. I have to get the client and specification because I have already approved land.

**Dhanush:** So, it will be sustainable. Like as you mentioned that word, annuity, so can we expect any future REIT structuring, sir?

**S. Neelakantan:** Sir, you have read our mind. We will let you know appropriately. It's too early, but you have read our mind.

**Dhanush:** Sorry, I didn't get you, sir.

**S. Neelakantan:** I said you have read our mind, but it's too early. So, as it progresses, I think that that's the direction we should take.

**Moderator:** Our next question comes from the line of Chitresh with Chitresh. Please go ahead.

**Chitresh:** Sir, I wanted to know like in the company in the next 2-3 years or next year, which business model where you see the revenue coming from like from the rental construction or infrastructure business? And are we planning for any fund raising?

**S. Neelakantan:** Currently, we are well capitalized, sir, because all our projects, the working capital is well done. And today, the new projects also, the entire payment comes from Government of India on delivery. So, we are reasonably well capitalized and of course, we don't have a single rupee bank limit. So, we'll be eligible for bank limits very shortly as we have come out of a restructuring package. With regard to the annuity business, we will try to keep it asset light. We will partner with the huge MNCs so that they will put out the capital and we collect our lease rentals. Till our cash flow stabilize, we may not do much of CAPEX. We want to increase the equity in the shareholders.

**Chitresh:** And sir, what is the order size which you are eligible for, the maximum order size?

**S. Neelakantan:** Sir, we are now okay to do 300 crores, sir.

**Chitresh:** And what is the maximum order size you have received till now?

**S. Neelakantan:** Like I told you, our current order book is Rs. 284 crores.

**Chitresh:** On single order, what is the maximum order size you have received till date?

**K.V.Prakash:** We have received the single order of Rs. 200 Crores.

**Moderator:** Our next question comes from the line of Anand, an Individual Investor. Please go ahead.

**Anand:** So, I just have 2 quick questions. One is, are we planning for any inorganic growth, sir?

**S. Neelakantan:** At the moment, no, sir, because our hands will be full with logistics and IT park. And also, we have to increase our management bandwidth. At the moment, I think this is stretched fully. So, inorganic maybe something comes

up in NIC or NCLT situation we may consider. But I think currently our management bandwidth is full because we have to implement these projects plus the logistics park and plus the IT park.

**Anand:** So, to develop these lands, are we planning sir, any more increase in the share capital or increase funds, like raise funds or something like that?

**S. Neelakantan:** Not now. See, our objective to sign up 3 or 4 MNC clients, and initially they want to put out the capital, which mostly they only want to sharing of lease rental. And they come with their own capital source like capital land, most of the foreign funds that come to India, they bring these partners. So, then if they increase, then we might have to partner with them. At that time, there's no requirement of capital, our land will become equity. But as we progress, I think we don't have a single rupee debt. So, we have enough of capital reserves now. So, slowly I think it will be 0.5 or 0.25 debt to equity ratio, that should be enough because interest will start coming in that can take out the debt.

**Anand:** And we are planning for more 300 to 400 acres of land near Sriperumbudur, if I am not wrong?

**K.V. Prakash:** Yes. We have already brought it. Out of these, 150 acres, it's already approved.

**Anand:** Yes. That is out of 254, whatever it is.

**S. Neelakantan:** Yes. Around 254 acres, we purchased for Rs. 107 crore.

**Anand:** So, we are planning for more 300 odd acres, if I am not wrong.

**S. Neelakantan:** That has to come to us because IVRCL has 800 acres there. But as we have taken the entry point, the rest have to come to us.

**Anand:** So, how much can we expect the expenditure to be for per acre, sir, like to construct into the warehouse?

**S. Neelakantan:** Honestly, this was a bonanza for us because this came through auction.

**K.V.Prakash:** Actually, the auction was from Central Bank of India.

**S. Neelakantan:** It was auction. I think it's a good fortune. All combined it is a bonanza for us. The rest of the land, I think we have to pay significant premium to this, but it

won't be much because since we are holding the strangle hold on the land, I think it is priced in the market.

**Anand:** No, my question is like we'll be renting it out in the future. Am I right?

**K.V. Prakash:** Yes, it will be annuity model.

**Anand:** So, to construct that, we might be needing some funds, correct?

**K.V. Prakash:** Yes.

**Anand:** So, how much expenditure can we expect? Let the JV come, but to construct 1 acre, how much money should we think we should have?

**S. Neelakantan:** See, typically it cost Rs. 1800 per square feet for warehousing.

**Anand:** Rs. 1,800 per square feet. Am I right?

**K.V. Prakash:** Per square feet for construction of warehousing.

**Anand:** Okay. Like the normal with the shapes and those blue color things.

**S. Neelakantan:** High quality NOC, that the area should not flood, so there will be enough of drain work, 100% power backup and high-quality roads because they have to take the heavy load, 40 tons trucks or 50 ton trucks.

**Anand:** And those trailers will be coming in and out, I got your point.

**S. Neelakantan:** Yes. And inside the factory, if they require a gantry to lift the goods and all, we might have to provide high quality beam. So, about Rs. 1,800 per square feet we will spend.

**Anand:** So, for FY24 guidance, is especially on profitability, I would like to know sir, like, what is the guidance for this? Because at this quarter, the revenue is good but the profitability lagged very badly. So, can you give any guidance there.

**S. Neelakantan:** The revenue was higher, but the company just turned around and there is an accounting standard with which we have to comply. So, some of the revenue actually gets carried forward to the next accounting year, almost Rs. 15 crore to Rs. 20 crore will get carried. And all the one-time expenditure, the running of every expenditure, they have charged off. They have been very

conservative. We don't have anything left on the books to charge off. We have charged off all the expenditure post our acquisition. So, next year there will be significant profit for the shareholders and the company.

**Anand:** How much can we expect the sustainable margin to be for our company like say 10% to 12%? No, not possible?

**S. Neelakantan:** 10% will be huge because you can look at 8% to 10% because see, we want to be competitive now, we have to get new orders.

**Anand:** So, can we expect 7% to 8% bare minimum?

**K.V. Prakash:** Very sure.

**Anand:** No, bare minimum, take the worst case, can we expect PAT to be 7%?

**K.V. Prakash:** Yes.

**Anand:** We are shareholders from quite a long time before you people took it over. We are holding the shares from like almost 20 years now.

**K.V. Prakash:** Great. I am grateful to you to have had the confidence.

**Anand:** We hope you will deliver the best you can. Thanks a lot, sir, and good luck for the whole team.

**Moderator:** Our next question comes from the line of Vignesh Iyer with Sequence Investment. Please go ahead.

**Vignesh Iyer:** I just wanted to understand the order book we have currently. What is the timeline of executing this order and also if you could tell me are the Rs. 400 crore to Rs. 500 crore order book that we are expecting in next quarter, what would be the general timeline to execute this order?

**B.Swaminathan:** Sir, the present order of Trichy bus stand will take a close in September 2024. And the other 2 private orders will take close in March and May 2024. And this Rs. 400 crores, we are exploring. So, after getting a clear picture, then the work will start as per the agreement, which we will expect in the next quarter.

**Vignesh Iyer:** Sir, being EPC, what is the specific nature of the order that is? I mean if you could just give us some idea.

**K.V. Prakash:** See, sir, it's a combination of stormwater drain projects, water line, pipeline projects, roads and public buildings. These are the combination of projects is what currently the company is engaged in.

**Vignesh Iyer:** And on the margin side of it, when you said that 7% to 8% is possible, you are talking about EBITDA margins or the PAT margins?

**K.V. Prakash:** PAT margins.

**Vignesh Iyer:** PAT margin of 7% to 8%, right? I mean it is possible on your part, if I am getting it right.

**K.V. Prakash:** Yes.

**Moderator:** Our next question comes from the line of Vijay Rawat with Vedant Capital. Please go ahead.

**Vijay Rawat:** I just wanted to confirm, you said the construction cost for the warehousing will be Rs. 1800 per square foot. Is it correct?

**K.V. Prakash:** Right.

**Vijay Rawat:** So, you will be going in a JV for warehousing a project or you will be executing by yourself?

**K.V. Prakash:** It depends. We are yet to decide on that. So, we will inform the shareholders at a suitable time. We have not because we are still looking for more aggregation in the same location. So, once we have further the land acquired, then we will have a master plan done and then get into the implementation. So, only then we will be in a position to say whether it will be a joint venture or whether the company is going to do it by itself. Only then we will be in a position to inform the shareholders.

**Vijay Rawat:** So, you said 150 acres, you already have permission. So, by what time frame you expect that 150 acre you will get the client sign for that 150 acres?

**K.V. Prakash:** We are actually talking to major players in the warehousing sector and once we have a concrete agreement, we might start. so right now, it's all in the discussion stage.

**Vijay Rawat:** But any rough estimate, sir? Because you bid for that land and you have invested a good amount of money. So, some estimate 2 years, 3 years.

**S. Neelakantan:** See, the logistics business is actually very programmed. Like Samsung has a plan for the next 5 years, how much of godown they want because they know their production capacity. So, they have appointed this international like JLL, Richard Ellis, most of the International property consultants are already asking us for RFP, request for proposal. It is coming at 25 acres, 30 acres, especially since the new airport is likely to come, they all want to take positions because of Amazon, et cetera, moving away from showrooms to storage and delivery. This is ideal point near the city. So, every day, we are getting a request for RFP. We have to decide with whom to go, be prepared to go with long term clients.

**Vijay Rawat:** So, this will be purely a logistics park. The manufacturing units will not be there in this.

**S. Neelakantan:** No, see, there may be light engineering also, but everybody requires a godown. Even if you have light engineering on 10 acres, 5 acres, some phone assembly, TV assembly, there are a lot of automotive and Saint Gobain factories around. So, definitely that output will be the input for the light engineering. We will also require godowns.

**Vijay Rawat:** And how much is the rent per square feet you are expecting, sir, for the logistical part?

**S. Neelakantan:** Currently, market is around Rs. 25 for A class warehouse, sir.

**Vijay Rawat:** Rs. 25 per square feet, right?

**K.V. Prakash:** Per square feet, sir.

**Vijay Rawat:** And my last question is sir, in the balance sheet which you provided for March '23, there are a lot related party transaction. Your group companies, there is more than Rs. 100 crore related party transaction. Why the quantum is so huge?

**S. Neelakantan:** See, when the company was acquired, sir, the company had no business for 5 years.

**Vijay Rawat:** Sir, going forward, the related party transaction will be reduced or this will also like increase?

**S. Neelakantan:** Initially, it will peak. Once W.S. gets the qualification after completing this, it will have its own qualification.

**K.V.Prakash:** W.S. was out of business for almost 10 years. Ad so, all of the tenders we were not qualified to bid for the tenders. So, the related party entities actually helped us to get these orders and now the WS is able to implement all of these projects. So, that's the reason, in the last AGM, we took an approval from the shareholders to the tune of Rs. 2,000 crores for related party transaction. The idea was only to, once we get the turnover in WS Industries books

**S. Neelakantan:** Once we implement, then automatically we will become eligible for that orders directly.

**K.V.Prakash:** So, next 2 to 3 years, we'll be eligible for the applying for the tenders directly without going through the related package.

**Vijay Rawat:** You are doing a great work. All the best to you, sir.

**Moderator:** Our next question comes from the line of Samarth Singh with TPF Capital. Please go ahead.

**Samarth Singh:** My question was I just wanted 2 clarifications. One was you had mentioned the purchase price for the logistics park for the 254 acres. What was that amount?

**K.V. Prakash:** Pardon me, can you just come again?

**Samarth Singh:** The purchase price for the 254 acres, you mentioned it, but I think I missed the amount.

**K.V. Prakash:** Amount is Rs. 107 crore. The acquisition amount is Rs. 107 crore.

**Samarth Singh:** And how did we fund it?

**K.V. Prakash:** Internal accruals, sir.

**Samarth Singh:** This was post the restructuring?

**S. Neelakantan:** Yes, because we had the preferential money, the promoters are putting warrants. So, they had the cash flows.

**Samarth Singh:** And the second question was, you mentioned that within 6 months, once you have a proposal, you'll be able to start charging rent for the logistics warehouse. But you also mentioned that you would first try to consolidate more land area. So, which is the right understanding? Would you go ahead with constructing warehouses right away or would you wait to consolidate more land before going ahead with it?

**K.V. Prakash:** No, it will be a parallel activity, sir, because there are by virtue of acquiring these 254 acres, now we have started getting a lot of offers from the adjoining landowner. So, it will be a parallel process. As we are developing these plans, I think we will also keep acquiring.

**Moderator:** Our next question comes from the line of Dixit Doshi with Whitestone Financial Advisors. Please go ahead.

**Dixit Doshi:** First question is regarding the land at Porur, you mentioned Rs. 80 to Rs. 90 yield is expected. Just wanted to understand, let's say, if somebody wants to sell, what is the rate currently in that area?

**K.V. Prakash:** Porur?

**Dixit Doshi:** Yes.

**K.V. Prakash:** Porur is yielding around Rs. 80 to Rs. 90, sir currently.

**Dixit Doshi:** Yes, that's the rent. But if somebody wants to outright sell it after construction, what would be the average rate?

**K.V. Prakash:** Current rate will be around Rs. 8,000 to Rs. 9,000.

**Dixit Doshi:** Now, you mentioned the extra land we are planning to purchase near to this 254-acre adjoining land. So, that also we'll be buying through the bidding? I mean that land is also with the banker or it's like some other.....

**K.V. Prakash:** There are some private holding, sir, not through the bank. There are some private holdings, so we are in the process of negotiating with them.

**Dixit Doshi:** And just to 1 question on, so you mentioned that till the time the W.S. Industries don't get all the qualifications, we will be mostly tendering through our group companies and subcontract of W.S. Industries. Just if you can mention what is the order book size of the group companies or the size revenue or any numbers of the group companies, it will be helpful, just to gauge the size of the group.

**K.V. Prakash:** Around Rs. 4,000 crore, we have the combined order book, sir.

**Moderator:** Our next question comes from the line of Dhanush, an individual investor. Please go ahead.

**Dhanush:** How are we planning to manage our working capital, sir?

**S. Neelakantan:** Sir, at the moment we have reasonable capital flow, sir. As we progress, the promoters have taken up warrant, so they'll be infusing their warrant money as and when the working capital requirement is there, sir.

**Dhanush:** So, that won't be an issue, like you don't have to borrow for working capital.

**S. Neelakantan:** Working capital is not a problem because we don't have a single rupee bank limit or LC limit eligible because slowly they are turning the corner and turnovers have gone up, we are talking in profits, but till the time the promoters will have to put in the warrant money, they are bringing the warrants as and when the company requests.

**Dhanush:** And do we get advantage for our project when we get into?

**S. Neelakantan:** No, sir. In India, it's a process now with the new regime brought a new simple system. With the bank guarantee, you take how much ever advance you want, but it's not required because the payment cycles everything has become very closer. If you deliver, you are immediately getting the payment.

**Dhanush:** Sir, can you just come again, sir, I actually missed you.

**S. Neelakantan:** See, most of the tenders like the Trichy bus stop, these are all agent projects from World Bank or other agencies. So, if you deliver, you get the payment immediately. There is no question of money getting stuck. And since the promoters groups are already buying for huge values, so there is a credibility

when we order we also get the flexible payment terms from Jindal Steel, from India Cements, all the big players.

**Dhanush:** And sir, after 9 months, we'll be getting many M&M deals to our logistics park, right?

**S. Neelakantan:** No, sir, we intend to make a full presentation in December because in the next 4 months, we will evaluate all the proposals.

**Dhanush:** Whenever they come, we will have a good amount of security deposit, sir.

**S. Neelakantan:** Yes. 10 months' rent will be security deposit, 6 to 10 months, depending on the client.

**Dhanush:** So, we have intention of distributing it to shareholders, sir, in the form of dividends?

**S. Neelakantan:** Sir, security deposit, we can't distribute, that's the liability. Once the rental comes, we can distribute. Security deposit, if tomorrow he doesn't pay the rent, I have to adjust against the security deposits, that I can't distribute.

**Dhanush:** No, I'm talking like it will be a long-term agreement, like, for 10 years, 15 years like that, right?

**S. Neelakantan:** True, but end of day, tomorrow any repair work, anything we need the cash flow because at the end of day, whatever the rentals comes that can be distributed at the end of the year. But security cost is a liability.

**Moderator:** Our next question comes from the line of Ashish Malani with Malani Consulting. Please go ahead.

**Ashish Malani:** Sir, I want you to take a minute to think about this, but I just want answer to 1 question. What is the core competency of your company? Do you think you are really better than anyone else in the industry?

**K.V. Prakash:** See, the combined expertise of the new promoters in the infra segment, the turnover of the group and related party entities, is around Rs. 4,000 crores. So, they have the experience for last 2 decades in the infrastructure segment. And also working on the government projects. So, that is going to be our biggest strength.

**Moderator:** Our next question comes from the line of Anand, an investor. Please go ahead.

**Anand:** I'd just like to know one question. What will be your dividend policy?

**S. Neelakantan:** Starting 2025, we will start paying dividend.

**Anand:** How much percent we'll be planning for dividend payout?

**S. Neelakantan:** As a portion of profit we will pay. So, if the profits are very good and once the annuity starts kicking in, we may pay 30%, 40% of the profit as dividend.

**Anand:** I think it's 30% to 40%.

**S. Neelakantan:** 30% to 40% of the profits.

**Anand:** Yes, that's what on the EPS, right, if you get Rs. 10 EPS, you'll give Rs. 3 dividend or Rs. 4.

**S. Neelakantan:** Yes, that's what we want to do. We want to distribute majority of the profit as dividend. The reason being because once the annuity kicks in, I don't want to hold that money, I want to distribute it.

**Anand:** Sir, from that logistical thing....

**S. Neelakantan:** Sir, logistics income should probably start coming in 2 years. The other project will take about 30 to 40 months, but once they come that's an annuity. Every month, the rental comes to your account. Once the rental stream is established, there is no expenditure on the rental, except the corporation tax is the expenditure.

**Anand:** No, I get your point. So, quarterly payout we'll be planning for or we'll be planning for twice a year.

**S. Neelakantan:** The rentals come every month. So, definitely, we will plan on quarterly. Promoters also will get dividend, so every quarter we'll pay.

**Moderator:** Our next question comes from the line of Samarth Singh with CPF Capital. Please go ahead.

**Samarth Singh:** Just 1 question, the Rs. 280 crore order book that we have today, what is the timeline for execution of this order?

**B.Swaminathan:** Sir, regarding the order book you are asking, sir?

**Samarth Singh:** Yes, sir. Just the timeline for execution of this order. I think you said order book is Rs. 280 crore.

**B.Swaminathan:** One order for Rs. 200 crores of Trichy bus stand in Tamil Nadu, that will get a close in September. 2024. And another construction of stormwater drain work order, that will get a close in May 2024. And this macro drain project in Pallavaram, Thoraipakkam radial roadside, that will get closed in March 2024.

**Samarth Singh:** I got the first and the last one, sir. September '24 and March '24.

**B.Swaminathan:** Yes, May '24 and March '24, sir.

**Moderator:** Our next question comes from the line of Prashant Chauhan, an investor. Please go ahead.

**Prashant Chauhan:** Sir, you said that Rs. 250 crores of order book, which you are already having. And what is the new orders which you are expecting to receive this year and how much of that would be executed in this financial year?

**K.V. Prakash:** Next quarter, we are exploring possibility of another Rs. 400 crore on the infra segment.

**Prashant Chauhan:** So, from that you are expecting to earn rental yield through warehousing and IT company rental space?

**K.V. Prakash:** Rs. 400 crore will be purely on the infra part.

**Prashant Chauhan:** And another thing, sir, after like if I ask like say after 1 or 2 years, what percentage of revenue would come from rental and what percentage of revenue will come from EPC business?

**S. Neelakantan:** Can you rephrase the question?

**Prashant Chauhan:** I'm asking like let's say after 2 years, how much of revenue you expect to come from EPC business and how much of that from rental business?

**S. Neelakantan:** See, to confirm, one is a steady state income, which is an annuity. The next one is dynamic. So, it will be difficult to compare, but essentially, we will look at

Rs. 1000 crore, Rs. 1200 turnover in EPC over the next 3 years. So, maybe Rs. 50 crores, Rs. 60 crores profit from there. The balance will be annuity.

**Prashant Chauhan:** So, the annuity business won't become as big as the EPC business?

**S. Neelakantan:** Impossible because again, we have to put loads of money to get land. See, what happened when we bought this company from the ARC WS, the land was not valued in stock price because it was more of a distress exit by the ARC. So, whatever promoters got, they got the share, the balance is with the public shareholder. So, everybody, all of us will combined reap the benefit.

**Prashant Chauhan:** And otherwise, how much would have it cost you?

**S. Neelakantan:** Cost is the secondary, but where is the land, it's the heart of Chennai, if you see the, you'll understand. There is no land on the stretch.

**Prashant Chauhan:** But how much is through distress sale?

**S. Neelakantan:** Around Rs. 45 crore per acre, we should have paid some Rs. 320 crore to get the land upfront. We have not paid that money; the cost is not sitting on our balance sheet. We never paid Rs. 320 crore and the cost is not sitting on our balance sheet.

**Moderator:** Our next question comes from the line Vijay Rawat with Vedant Capital. Please go ahead.

**Vijay Rawat:** Sir, I just wanted to ask about the visibility for revenue front. In FY24, how much revenue you are planning to book in infra and construction segment?

**K.V. Prakash:** Around Rs. 200 to Rs. 300 crores will be the revenue.

**Vijay Rawat:** Rs. 200 crore to Rs. 300 crore, right?

**K.V. Prakash:** Yes.

**Vijay Rawat:** And what about FY 25, sir, any visibility?

**S. Neelakantan:** It should be something like slightly higher because we have an order book of Rs. 600 crore by next month. In 2 years, the order book without taking the new order book itself, it will be Rs. 300 crore per year, 2 years, Rs. 600 crore.

**Moderator:** Our next question comes from the line of Balaji Vaidyanath with NAFA Asset Manager. Please go ahead.

**Balaji Vaidyanath:** Just wanted to understand a couple of issues. One, I was just looking at your recent quarter numbers and your turnover has doubled from December quarter from Rs. 25 crore to about Rs. 50 crore. Whereas in terms of profitability, we are seeing construction and other operating expenses has quadrupled from Rs. 3.5 crore to Rs. 14.5 crore which has resulted in a minor negative EBITDA for the quarter. Can you throw some light on, sir, in terms of what exactly is the construction cost, whether it pertains to the infra projects or what is it, sir?

**S. Neelakantan:** See, what happens when you kickstart an infra project, especially in the first few months, you do a lot of support infrastructure which is right, you take the land, you do workers quarters, you hire equipment, everything is paid upfront. And these are not lasting assets, you do a security cabin, you do infra. So, all the initial outflow goes. These won't happen in the next quarter. So, you start getting more profits. Initially, when you roll out support infrastructure, you have to spend. Suppose you have to enter the land, you have to fill up the land, you have to provide the drainage everything for the project to commence. So, the initial cost for setup is always written off and it is as far as accounting standard 115, because these are not permanent asset. The property is ours, the asset is not ours. So, all the original infrastructure cost, it is typically upfront cost to establish a project, that gets in the first 2 quarters. Now for example, Trichy project, we have no further infra because the project is in full swing. So, the existing cash flows will start pulling out more profit.

**Balaji Vaidyanath:** So, in the June quarter, we should see this line item actually coming down?

**S. Neelakantan:** Yes, significantly. See, the first 2 quarters to get this Rs. 50 crore revenue or Rs. 60 crore revenue, I have to lay out the infrastructure at the site. We have to roll out the workers cabins, we have roll out the machinery, we have to put the machinery yard, we have to put the diesel generator plant, all the other costs happen. Once that happens, the project goes full swing and these costs are recovered over 24 months. But typically, accountants and auditors write them off.

**Balaji Vaidyanath:** My second question is, I just wanted to know the exact size of the land in Porur because I vaguely remember reading somewhere that it is 13 acres, but whereas in the call I thought you mentioned 6 or 7 acres. Can you clarify that?

**S. Neelakantan:** Earlier, it was 13 acres in the earlier balance sheet. However, as part of the debt restructuring, the company owed money to Edelweiss almost Rs. 180 crores. So, as part of the restructuring, Edelweiss got a buyer for 7 acres while the company was able to pay up all the liability and hold this 7 acres because we also had an obligation on the Vizag land. So, it was a toss up between not settling Vizag and holding this land. The new promoters decided not to have any debt on the books, so they sacrificed the Vizag land and this land, so the asset became debt-free. So, current holding is 7.13 acres debt free

**Moderator:** Our next question comes from the line of Samarth Singh with TPF Capital. Please go ahead.

**Samarth Singh:** Sir, are any previous liabilities related to the old business? Have those all been wiped out or....

**S. Neelakantan:** There are no current account liabilities. However, there is a debenture which we are servicing and will be closed very soon, there is Rs. 37 crore debenture which is being reduced.

**Samarth Singh:** So, that's the only liability?

**S. Neelakantan:** That's the only secondary liability acquired as part of the acquisition from Edelweiss.

**Moderator:** Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. B. Swaminathan, CFO and Company Secretary of W.S. Industries Limited.

**B. Swaminathan:** Thank you, all gentlemen. It's a very great opportunity and pleasure to be associated with you all. And once again, on behalf of our management and employees and with deep gratitude, I wish all success to all the investors along with us also. Thanks a lot. Thank you very much. Have a nice day.

**Moderator:** Thank you. On behalf of W.S. Industries India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your line.