

“Crown Lifters Limited

Q3 FY '25 Earnings Conference Call”

February 11, 2025

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**Management: Mr. Karim Jaria – Chairman and Managing Director – Crown Lifters Limited**

**Moderator:** Ladies and gentlemen, good day and welcome to Crown Lifters Limited Q3 FY25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

 I now hand the conference over to Mr. Karim Jaria, Chairman at Crown Lifters Limited. Thank you and over to Mr. Jaria.

**Karim Jaria:** Hello everyone. We are pleased to report a strong performance in Q3 of the 2024-25 financial year driven by increased project demand and strategic investments in our fleet. Following the post-monsoon season, we received numerous inquiries prompting the relocation of several cranes across states.

 Additionally, we have expanded our capabilities with the acquisition of two new 2 cc ton crawler cranes, one deployed in December 2024 and the second at the end of January 2025. Our capital expenditures of the current financial year stand at approximately INR55 crores with plans to acquire additional smaller cranes before year-end.

Looking ahead to 2025-26, we anticipate another promising year with significant capex investments to enhance our market presence and attract clients across multiple sectors and cover more states.

 During Q3, we secured a wind project from Serentica Renewables India Private Limited, a Vedanta Group company and re-established our partnership with Shree Cement Ltd. in the cement sector. With a robust order book, we expect over 90% occupancy in Q4 and are confident to maintain and grow the current EBITDA margins.

Meanwhile, India's infrastructure sector continues to witness substantial growth with major investments shaping the industries, a few of them. The Aditya Birla Group plans to invest INR50,000 crores in Rajasthan, including INR6,000 crores in renewable energy over the next one or two years. The government aims to invest INR1.43 lakh crores in urban infrastructure by 2030, while Delhi Metro has received a INR6,200 crores corridor boost ahead of assembly poles.

India's steel consumption has surged in double digits despite a global slowdown and Adani Ports has signed a supplementary concession agreement with the Kerala government for fast-track winding down ports capacity expansion. The Odisha government has approved industrial projects worth INR1.3 lakh 7 crores and India's construction equipment industry recorded its highest ever year-on-year growth from April to October 2024.

Further demonstrating the momentum in infrastructure, Prime Minister Modi is set to inaugurate projects worth INR46,300 crores in Rajasthan on December 17, 2024. Infrastructure projects worth rupees INR24,276 crores have been approved by Amaravati, while ArcelorMittal, Nippon Steel are making significant strides under Mittal's Mission Steel.

In Gujarat, Bhuj, Nakharatna Road will be developed as a fold-in high-speed corridor with an approved budget of INR937 crores, and Odisha CM Mohan Majhi has announced a INR4,000 crores cement factory in Malkangiri.

Across the country, around 75 ton lakh projects worth INR49,000 crores are under construction, as per Minister Nitin Gadkari and Uttar Pradesh has approved a INR17,865 crores supplementary budget to boost power infrastructure development. These substantial investments reaffirm India's commitment to infrastructure growth and develop in creating strong opportunities for us across sectors.

 I would like to add the announcement that came today from JSW Group about setting up the world's largest steel plant in Gadchiroli, Maharashtra, with an investment of INR1 lakh crores. These kinds of projects are supposed to be for 3 to 4 years of planning and execution. And these kinds of projects can take us from this level to another highest level milestones which we have in our plans. And we look forward to such more projects announcements and favorable orders because our machines and accessories that we are buying and are bought recently are in line with the projects which I have discussed and spoken about now.

 Mr. Neerav, over to you to open the floor for Q&A session.

**Moderator:** Thank you very much. We will now begin with the question and answer session. The first question is from the line of Aayush from Solar Practice. Please go ahead.

**Aayush:** Sir, can you talk a little about the guidance of your top line teams?

**Karim Jaria:** So, the general guidance that we had given in the last con-call also was roughly 30%. And now that we are working on projects which are a mix of our very long-term projects, the major cranes are there. And there are few cranes which are in the short-term projects where the margins are very high compared to the long-term projects.

 So, we are trying to mix it well. And the 30% guidance, I don't want you to hold exactly at the 30% guidance. It could be 25%, it could be 35%. Depending on the projects we get, 30% is the ballpark number that we have given.

What I would like to suggest is to look on the growth of PAT, which we are getting. And that is going to be much more than 30% that we anticipate. And that has been given in the current quarter also, as well as the last quarter. So, the guidance which we give is more focused based on the PAT. And the top line, yes, is somewhere around that 30% line which we are expecting to close the year around.

**Aayush:** Thank you, sir. I also have one more question. Could you give a little detail about the wind project which you have with Serentica Renewables India Private Limited?

**Karim Jaria:** So, Serentica Renewables India Private Limited is a Vedanta Group company and they are into wind farms. And we have received an order for the 800-ton crane, along with 2 support cranes, which is working for them in Maharashtra.

**Aayush:** Okay, sir. That answers my question. Thank you.

**Moderator:** Thank you. Next question is from Sushruth Gokhale from Caprize Investments. Please go ahead.

**Sushruth Gokhale:** Hello, sir. Sushruth this side from Caprize. So, my question is around green energy and renewables. So, few players in our industry, hinted that on-ground execution of, say wind renewable has not taken pace which was expected. So, what scenario are we seeing on-ground?

**Karim Jaria:** So, with regards to solar and green energy, solar projects, what we are associated is, with hypothetical example I will give you, one of our clients is Reliance. And Reliance is making a solar factory. And few of our cranes are there in the factory. The project is around 2, 2.5 years project, where our mid to smaller size cranes are used in building the solar factory.

And with regard to green energy, green energy EPC contracting is a different thing and renting is a different thing. We have one package. When we call one package, is one 800 ton crane, along with few tire mounted cranes and man-lifts. So, this is one package. And most of the top 10 companies which are in India, generally rent around 20 packages, namely Suzlon, Serenteca, JSW, Adani. These are one client each. And each client would have around 15-20 packages working for them.

 We, at this stage, have only one package to offer, which is given to Serenteca. So, I don't see any impact, at least on our balance sheet or our figure, even if we go ahead in the next fiscal year, which we are planning to add another package in the next fiscal year. So, we don't see forward that there is a requirement of A group clients around 100 packages at any given time. And we need to take a 2% order from that.

So, right now, what we are seeing, we don't see any demand supply gap. We see a good high demand. Today also, we've received an inquiry and we may close with KP Energy Group for an order for next 6 months. That project is in Bhuj, Nalia. So, that project would also run during monsoon. So, these kinds of inquiries we have and we are short of frames, in fact, and we have more inquiries in pipeline for that.

**Sushruth Gokhale:** What should we take our standard depreciation? Which method do we follow?

**Karim Jaria:** So, now we are following the straight line method in depreciation.

**Sushruth Gokhale:** So, this December depreciation, should we take this as a standard or…?

**Karim Jaria:** Straight line method. The full year of this year is being taken, all the last 3 quarters, as well as the fourth quarter and going forward, all is going to be the SLM method, straight line method.

**Sushruth Gokhale:** Okay. I will come back.

**Moderator:** Thank you very much. Next question is from the line of Tushar from Shagun Capital. Please go ahead.

**Tushar:** Congratulations for the numbers. I have a question regarding the capex target of the company. How much capex has done till date? And what are the further capex plan of this company?

**Karim Jaria:** So, last year, we did a capex of around INR67 crores. This year, we have already done an INR55 crores capex. And we are looking forward, before the financial flows, to add a few smaller cranes for which we are waiting to get a longer-term order. Once we receive those orders, the capex will be between INR5 to INR10 crores for closing this fiscal year.

**Tushar:** Okay, sir. And one more question. What is the mix of mid-range cranes and heavyweight cranes?

**Karim Jaria:** The mix of cranes -- the fleet size today, in the January month, after adding the cranes, the own cranes are around 24 cranes. The higher capacity cranes, by numbers, if you calculate, it should be around 30%, and around 30%-35%, and around 60%-65% should be the mid-to-smaller size cranes.

**Tushar:** Okay, sir. Thank you.

**Moderator:** Thank you very much. Next question is from the line of Mahek Talati from Agility Advisors. Please go ahead.

**Mahek Talati:** Sir, thank you for the opportunity. A couple of questions. So, we have seen a sharp increase in the EBITDA margin from 54% to 64%. So, is it sustainable going forward, or there will be some decrease in the margins?

**Karim Jaria:** The current margins, which we are having around 64%, is sustainable. And going forward, we are looking at maintaining the same, as well as trying to improve it further from here.

**Mahek Talati:** Okay. And, sir, I might have missed the number. Can you please give details of the average rental yield for this?

**Karim Jaria:** Average rental yield, which is in our presentation also, is between 30% to 36%, depending on the contract type, the longevity on the contract, and the distance of the contract from where the crane is. So, it all depends on the time that the crane takes from the place of last site to the next site when it goes.

So, all that keeping in calculations and the short-term, long-term projects, we have given a general average 30% for very, very long-term projects, short- to medium-term projects, 36%. So, we have given an average bandwidth of 30% to 36%.

**Mahek Talati:** Okay. And the capex, which we have announced till date, have we received all the cranes, and are they deployed, or we are yet to receive some cranes?

**Karim Jaria:** The last crane we received was one in December, which went on the job, and the second last, and the last one went on job in January. So, the INR55 crores capex has been achieved, and all the cranes have been deployed already.

**Mahek Talati:** Okay. Understood. Thank you.

**Moderator:** Thank you very much. Next follow-up question is from the line of Aayush from Solar Practice. Please go ahead.

**Aayush:** Hi, sir. If I am not wrong, the crane capacity currently stands 80% to 85%, right? The crane?

**Karim Jaria:** Can you repeat, please?

**Aayush:** If I am not wrong, sir, the crane capacity happens to be 80% to 85% at the moment, right?

**Karim Jaria:** The capacity of the crane?

**Aayush:** Utilization. The fleet utilization.

**Karim Jaria:** The fleet utilization is 90% plus. 90 plus.

**Aayush:** And the forthcoming quarter stays the same, if I am not wrong.

**Karim Jaria:** Remains the same, yes. So, this is generally fluctuating between sometime 89%, 91%, 92%. So, we are given a ballpark figure of 90%, but we are achieving above 90% right now. This is the season time, right? So, in the season time, it is generally 92%, 93% also. So, we have given plus 90% there, the capacity utilization.

**Aayush:** Okay, sir. Answers my question. Thank you.

**Moderator:** Thank you very much. Next question is from Rahil Dasani from Mittal Analytics. Please go ahead.

**Rahil Dasani:** So, first of all, good morning and congratulations on the great numbers. I just had one question. If you could speak a bit on the subcontracting to third-party cranes that we talked about last year. Since we have a limitation on buy cranes and we cannot keep on buying cranes, so how are we thinking about this part of the business? How is the progress there?

**Karim Jaria:** Okay. So, if you see in our last presentation, the subcontract cranes were around 8-9 numbers. Now, we reached 11. And the smaller, very smaller cranes, say hypothetically, numbers are then 60 ton capacity, 80 ton capacity, wherein the margins, the cost expenses are very high and the margins are lesser. We are not trying to invest in that very low sizes. And we are trying to keep subcontract cranes there.

 And that is the area below 100 ton cranes, which we call the smaller crane segments. We are trying to now invest in the mid to higher mid segment. And the smaller segment, we are trying to encourage subcontract cranes. Of course, they are also for a very, very long-term contract, like we got a few contracts this month for bullet trains and coastal road project, which is open from Orange Gate, Mumbai. And it is joining with Atal Setu.

So, these kind of projects, which are there for 2 years, 3 years, but the margins are lesser there because the expenses on the smaller cranes and admin costs are similar to those on the mid-size cranes, where we are focusing more. So, these kind of cranes, we are trying to subcontract.

We are also sometimes wanting to now contract. Sometime soon, we want to start subcontracting cranes in the higher capacity, where we have very few cranes. For example, 400 tons, 600 tons, where we have jobs, but our crane numbers are limited to two numbers and one numbers or three numbers. So, we have a lot of orders coming from there also. So, we may soon start engaging in subcontracting those cranes. Our general margin during subcontracting is around 8% to 10% on the gross yield.

**Rahil Dasani:** Okay, got it. That is exactly what I wanted to understand. The demand is so high and this is basically three margins for us based on our connections. So, what sort of a mix can we expect in between contracted cranes and cooling cranes over the period of the next 2-3 years?

**Karim Jaria:** Rahel, your question is not clear. It is not properly audible. Can you repeat it again?

**Rahil Dasani:** So, what sort of mix of cranes can we expect in between contracted and old over a period of 1-2-3 years?

**Karim Jaria:** So, cranes you are saying is the sizes you are saying? And what kind of sizes are we going to invest? That is the question?

**Rahil Dasani:** No, I am saying in terms of contracted cranes where we are contracting into third parties.

**Karim Jaria:** So, the subcontracting cranes are going to be either below 100 tons or anything above 400 tons. If you are looking at that question, is that the question?

**Rahil Dasani:** My question is the mix for example, right now we must be having say 20 cranes from that 11 are old and 9 are subcontracted. So, going ahead, what sort of mix can this be?

**Karim Jaria:** So, see right now we have 34 active cranes out of which our own cranes stand to 24 and 10 cranes are subcontracted. I am giving you the figure of this month, the current month in which we are standing. So, it is not going to -- if I give you the numbers, the subcontracted cranes are going to be 15 or 20 and our cranes are going to remain at 30.

It will not give you the percentage of the business because these are very, very smaller cranes yielding around INR3-INR3.5-INR4 lakh a month. Wherein one of our larger cranes should be doing around INR45-INR50 lakhs a month. So, if you are looking at arriving at a figure in percentage of business, it is something I do not have a read number right now.

 Because it is a dynamic thing. It is not something that we can predict. It is a dynamic thing. Currently, the balance sheet, you can see that.

**Rahil Dasani:** Thank you.

**Moderator:** Thank you very much. Next question is from the line of Harsh from Toro Wealth. Please go ahead.

**Harsh:** Congratulations, Karim, on a great set of results. I wanted to ask a couple of questions. One was, in the PPT, there are many sectors mentioned, like example, airports, etc. So, just wanted to understand what kind of cranes go into these sectors. The higher tonnage cranes or the lower tonnage? And even for airports, these are typically the longer term duration projects. Or some mix of long and short duration projects?

**Karim Jaria:** So, sectors we serve, if you are referring to that PPT sectors, we serve industries, energy, infrastructure, B&F, that is, building and factory and others. So, we have divided sectors into four parts. Now, industries, when we call, it is oil and gas, refineries, steel, cement, fabrication yards, which is, again, part of oil and gas. Infrastructure is these bridges, metros, bullet train, coastal. Now, every project has a mix.

 So, every project, generally, if you even say a wind project, so, the wind project, as I said, there is an 800 ton crane present and for the support, there is tire mounted cranes, which are 110 and 160 tons.

So, now, going back to solar project, which is a Reliance project, which we are working and for the -- where they are going to open a manufacturing plant. So, that is smaller to mid-sized cranes, are more. So, the percentage of that will be, say, 70%-80%, but there is still 20%-30% for the higher capacity cranes that will be used later in the project.

So, oil and gas, refineries, steel, airports, railway stations, whichever you call, any projects you say, bullet trains or metros, there are smaller cranes that come in the front when they do the loading and unloading of the steel material and the cement materials. Then will come the mid-sized cranes. Those will be doing the erection work. And then, finally, will come the higher segment cranes, which will do the heavy lift on the higher heights and radiuses.

 So, there is -- every project will have a different mix. So, in the wind, the percentage of revenue will be higher with the larger cranes and the mid-sized and smaller cranes will be lesser. In an airport, the mid-sized cranes would be higher and the larger cranes will be minimal.

 So, there is a percentage of cranes as goes in a mix. So, there is no project in which, of course, we are talking about 800 may not be used in all the projects. But if you are restricting to looking at any crane size, which is 50 tons to say 400 tons. So, it's a mix of these cranes used in all the projects.

**Harsh:** Got it. Fair enough. Just a follow-on question to this. So, you know, how are you choosing the sectors within and where to give the cranes? Is it basis on rental yields or government focus or how is it that you are planning to narrow down on sectors? Because there is a vast spectrum of opportunities like you mentioned to the previous guy also. We have very limited packages to offer. The demand is very high. So, how are you selecting the projects on what basis?

**Karim Jaria:** Alright. So, there is a slide which is called Focus on Increasing Volumes and Optimizing Operations for Better Margins. So, this sheet, I will read it to you, the headlines of those. Cyclical play, placing cranes at sites strategically after analyzing projects and cycles of the user industry respectively.

State budget. So, we also follow which states are planning what kind of budgets and what kind of long-term projects and how is the spending coming and how are they supporting it. Again, looking at political stability in each state. This is one of the important things that we look at.

Again, the next thing is weather. Like I just mentioned in the previous question that now we are talking to KP Energy for one project in Naliya, Kutch during which the 800 ton will have business during the monsoon also.

So, the wind projects generally do not operate in the monsoon time. But in Tamil Nadu or in the Bhuj area, if we are operating in Gujarat Bhuj area, then there is opportunity to work in those months also.

So, weather is one important factor again. And again, the project timeline, how long are duration projects are coming. And if you see the map of India which we have made and which we are saying the currently where we have placed already our cranes are marked in green flags and the ones which we are getting inquiries but we are not able to scale there because we do not have enough machines right now.

 So, the current projects which are concentrated north and west and center of India, if the inquiries are flowing there, that will be our first because you are already present there, our strength is there and our team is there, our trained operators and our train stations are there, our parking nodes are in that area. That remains as the first focus. But obviously, we are wanting to move and cover more and more geographies.

 So, those kind of services and infrastructure background, we will be creating in different states also as we grow from here.

**Harsh:** Got it. Fair enough. That was a very detailed answer. Thanks for that. I will just ask one more question. What I just wanted to understand is, we have been able to improve our EBITDA margin. So, what levers contributed, if you could help us understand, maybe operational efficiency could be one of them but any more levers and beyond these high margins, how do we foresee further improvement, what levers could again kick in from here on?

 Maybe some part of it you actually even answered, like, you are deploying machines where it was not possible in monsoon, etc. So, something like that. And anything else which is coming in, handy to improve the margin?

**Karim Jaria:** So, importantly, you pointed out this cyclical place, which I said, right, it is helping us get the occupancy again and again above 90%, even 92%, 93%, 94% sometimes. So, that is definitely helping improving the margins.

The second is the young fleet that we have. So, we do not have very, very heavy maintenance coming on this fleet for another 5 years, at least, if I would say, because the lifespan of these cranes are generally 20, 25, 30 years. So, we do not see any heavy expenses on the maintenance of the newer generation cranes that we have.

And of course, our expenses, they do not expand with every crane we buy, right. So, every crane, if I add, after, say, adding 5 cranes or adding another state, our expenses would increase. Say, for instance, if I want to add Uttar Pradesh now, and I want to create an infrastructure, and if I am going to be able to give only one crane there, so my admin cost is going to be higher. If I would, if I have multiple cranes there, my admin cost does not increase on every crane there.

 So, if you see the concentrated map, again, expanding geographies, like I said, our first preference is within the geography of the states we have, Haryana, Rajasthan, Gujarat, Maharashtra, MP, Chhattisgarh, maybe Goa. So, this is our strength area where the expenses do not grow, because our nodal places where the parking is there, it does not have to be made another one. We have engineers there, they can take care of a couple of more cranes that are added there.

 So, there is a minimum cost that happens when I open up another state or another geography. So, right now, if we are concentrating on, say, 40% of the geography on India, we are able to maintain that very, very easily. And there is enough of orders in, again, this current geography where we are sitting, we are not being able to get all the orders because of shortage of cranes that we have.

 If we are going to expand in other geography, we want more number of cranes to go in that state, not one or two. We see 5, 10 cranes in one geography, one state when I say geography. So, one state, each state, if I have 5 to 10 cranes, 5 cranes, even it could be subcontract cranes, then our margins can improve drastically further from here too.

**Harsh:** Got it. That makes sense. Thank you. And just one question more I wanted to understand was, like we have usually a monthly billing cycle, right?

**Karim Jaria:** Yes.

**Harsh:** So, the risk of delayed payments, so like typically, what kind of hard stop is followed in the industry or by yourself? Say, you wait for payments till 60 days or max 90 days and then you take your crane off. If there is any delayed payment or how does it work in case of slower payments from the client side?

**Karim Jaria:** So, again, being a medium-sized company and we have a presence of 40 years in this industry. So, definitely, we have a lot of know-how about the company payment patterns and the project timelines and which kind of projects are the principal clients. We always target the principal clients. We want to see who is the principal client where hypothetically, say, if it's a job from ICD or any other company if you are taking, we always also study the principal client from where the flow of money is going to come to our client also.

So, we just don't see that it is L&T, we would want to jump in and take the order. We also see what kind of projects and timelines in which the government wants to finish that project. If the projects are going to finish in timelines, the payment is going to flow in time. So, 90 days is something that is a cut-off line for every client to pay in time.

We don't generally have an approach of shutting down our services and spoiling with the clients because they are all A-group clients which we work with and very few times because delay payments from the government side or from any other thing but this is not that they have an intention of defaulting with us and we generally have more other sites working with them.

 So, we understand sometimes they would pay from some other site in 30 days and they say that Karim, we will wait for this site for 60 days, 65 days because we are getting flow is a lesser time but other sites where we are getting the flow sooner from the principal, they will make the payment in 15 days and 30 days. So, it is a give and take relation but 90 days is a general average that is practiced by the industry. Before that, there is no stopping of the crane or a serious discussion with the client and that is a very, very, very few occasions on which it happens.

**Harsh:** Got it. Thank you so much. Thank you and best of luck.

**Moderator:** Thank you very much. Next follow-up question is from line of Mahek Talati from Agility Advisors. Please go ahead.

**Mahek Talati:** Hello. Thank you for the follow-up. So, just wanted to understand that when we say a 30% growth rate in FY24 in terms of sales, it means we would need an additional -- we would need a sales of close to 12% in Q4. So, are we confident of achieving that number?

**Karim Jaria:** That is our target number with the current orders we have.

**Mahek Talati:** Current orders you are targeting close to INR12 crores of sales.

**Karim Jaria:** Yes. It again depends on the billing closing, you know. So, sometimes the billing closes before March and sometimes the bill does not close. Supposing hypothetically our crane starts working like one of the projects what we are putting now is a lump sum project where the work is only for one month but it also involves transportation cost as one bundle pricing.

So, hypothetically if the bundle pricing is say INR1.5 crores or INR1 crores, a bundle price, that is the transportation time, the rental time, everything included for a 400 or 600 ton crane. So, if the job starts on 15th of March or say first week of March, that means the crane has left the yard around or the last site around 15th of February.

 So, for that crane, the rental bill would only be made when this contract is over because it is a lump sum order. So, that order will fall, the bill will fall in first week or second week of April. So, that may transform to the next quarter.

So, these kind of active projects are always there. Like in the last balance sheet of 23-24, if you see in the March quarter, there was substantial jump in the sales. That was also due because something which was supposed to get the billing completed in April, the client finished the project early and said you can raise the bill, the project is over. And the billing which was supposed to happen half and half in March and April, we got the billing in March.

So, those kind of little bit of adjustment of 2%-3% may happen here and there. But yes, what you are seeing is are the targets and order book what we have already.

**Mahek Talati:** Okay. So, in other terms, I wanted to understand. So, for example, like we mentioned that we have a 30% -- average yield of 30% and on an additional capex of INR67 crores which we did last year, it should result in a revenue close to INR20 crores. But we are doing an additional revenue close to INR8 crores. So, is there a drop in the realization or how should we look at it?

**Karim Jaria:** Everything in the addition of the, you need to follow the announcements and check when were the announcements made. For example, the 800 ton in that year was added only on the billing cycle in end of November or December if I remember it right. So, nothing and everything of INR67 crores were not invested in the month of April.

 So, it was a spread from April to the March month. So, possibly that the first quarter may have investment of INR10 crores, the second quarter would have investment of INR7-INR8 crores, the third quarter which I remember not third but third and fourth quarter together in the end of third quarter and beginning of the fourth quarter, there was investment of INR30 crores. So, after that in the end of March month, there would be investment of INR10 crores.

 So, we need to check those investments which came and when it came. So it comes in a spread. So, whatever capex that we do right. So, this year we did INR55 crores. So, this INR55 crores, INR10 crores was recently added which we announced INR12 crores which came in December and January right. So, then the capex was INR43 crores in the last phone call which we had said.

So, it depends how and when we received the delivery and when the cranes got engaged. Then it can be averaged out. So, there is no way that you could say 30% on day 1 of INR67 crores would be calculated and INR20 crores is not why added.

**Mahek Talati:** No sir, but just wanted to understand more on this. So, that is till the March we have done capex right. So, from March to next month that is up in that 1 year period we could have seen a 30% average yield. Is that the correct understanding?

**Karim Jaria:** No, it could be in the following year. It cannot be in the current year. Plus you will have to minus any cranes if we have sold. The older fleet is also something which we have sold in the current financial year also I think in May or something right. So, those kind of plus and minuses we will have to do to arrive at a figure.

 The older fleet which we are giving and we are coming. So, last call if you see the presentation we had given an average age of 7 to 8 years. This year we have given this now the average age of the crane is 5 to 6 years. So, it is also because we are adding newer cranes and it is also because we are selling a few of the left older cranes that we have in a fleet like a 4-5 units.

So, they are like 15 years, 20 years. So, because they are still working in the project. So, we are not keen to sell it because they are making us good money. But once it gets out of the project those one-one-off cranes will keep going out and the newer it could turn into a margin and then we add new cranes also. So, all those will have to -- plus and minuses will have to be done to arrive at a figure.

**Mahek Talati:** Okay, understood. Thank you.

**Moderator:** Thank you very much. Next question is from the line of Rohan Mehta from Ficom Family office. Please go ahead.

**Rohan Mehta:** Thank you. So, I wanted to ask first of all, out of the states that you operate which are the toughest three states to work in from the political point of view? That's number one.

**Karim Jaria:** You want to ask both the questions together or you want me to answer first and then the second question is answered?

**Rohan Mehta:** You can answer first and then I can ask.

**Karim Jaria:** See, so politically when you are saying is there is never a political problem in any state but if there is not a majority of government in any state, this is the kind of state we would take a second call. If we don't have enough business in the states where the government has majority, whichever government it could be. So, when there is a majority government, we believe there is a good investment and there is a good momentum that you may have seen also that is coming.

 And the local problems -- localizing problems because few of the states may have those kind of problems, right? So, that we have to see, that if there is any local problem that comes like in my opening speech, I mentioned a project coming in Gadchiroli, right? So, which is JSW INR1 lakh crores investment which is coming.

 So, when this kind of project comes, we would also check if there is going to be localizing that we have to do directly or the company is going to take away. Where there is a new project, which starts. There is always a local issues which definitely the company is supported by the government and they take care of.

 So, we are not the first reachers who would want to reach there first when the project starts, kicks off for the 3-4 years. We would like to reach there after 6 months when everything, the dust has settled and everything is working perfectly. So, when it is perfect and fine, we want to reach there.

**Rohan Mehta:** Got it. Got it. And secondly, are you facing any shortages of skilled labor in India? That's also another question. And also, how does the training of operators and tech support work from the Chinese crane companies happen?

**Karim Jaria:** Alright. So, as the Middle East is also now under huge expansion, especially Saudi is doing a lot of expansion now. There is a lot of traction from the Indian skilled labors and semi-skilled labors that want to go out of India and want to practice their skills there and want to find a job there.

 But the pay scale in India through COVID, what we were paying, I think they have already doubled up. From the time we were paying people 5 years back, because of the demand of skilled labors and semi-skilled labors. And we have a habit to always have extra few operators and crews in our team which are trained.

 So, we promote newer operators also. So, getting trained at our site plus going through these Chinese companies factories where they would initially give small training. So, these are the same people who have worked as riggers and helpers over the years. After 5 years, they get a small training in the factories of these companies.

They get a small certificate coming from that company saying that they have done a workshop of say 15 days or 20 days. And they know the safety parameters, how to operate these cranes. And then we keep them as junior operators on our cranes. And then from the junior operator, after a year, they will be converted into senior operators. So, this is how the whole cycle is there.

 Right now, we don't face. Yes, there is an increased cost to it which is coming. But that is fair. I mean, with the demand is there, so there is going to be an increased cost. But it is sustainable and maintainable. So, something which is there. But I don't see a shortage of any skilled or unskilled labors right now. And what was the second part of your question?

**Rohan Mehta:** Yes, I think that answers the question. Yes, the third question, if I may. What is wind currently as a percentage of your revenue? And don't you feel there is any competitive pressure in this segment? I am specifically asking this because one of your larger peers who is pretty heavy in this segment is facing some pressure and slowdown.

**Karim Jaria:** So, I am not the right person to answer on behalf of anyone. But what is related to Crown? I would definitely want to answer that. So, I have already half answered this in the question which was previously asked to me. That what is our exposure to green energy? So, our exposure to green energy when we say.

 So, it is around 15% to 20% average, in the last 6 months -- in actually 9 months that we have from the wind sector and around 10% from solar factories, which is Reliance again. So, 10% to 15% is from solar and 10% to 15% to 20% sometimes that is the range in which the wind exposure is there. So, at the given time, our exposure to wind is not larger than 20%.

I personally don't see a slowdown and we have enough inquiries for deploying our cranes. Right now also, as I said, one of the examples of KP Energy for Bhuj, we are getting an inquiry and order for that. They want to confirm with us. We are waiting for more capex plans coming in forward for April and or September because we don't want to introduce an 800 ton heavy crane during monsoon.

 So, either we introduce it in April or we introduce it in September. So, we are still working that with KP and it is just one of the clients which I am giving you the name. But there are other companies also like CAEC and JSW, Renew, Suzlon, they all want more cranes, even Adani. So, they all want more cranes.

I don't foresee that there is a slowdown. But if we have enough and we have too many cranes in one segment, then definitely client also has their restrictions of working with one single client and they would also want to prefer having more clients because the sites are different and they don't want one client to be there and dictating anything to them.

 So, sometimes of those reasons, even if there is enough work, the client would still want to have other participants also for the different projects. Of course, the services also matter and that's how we again say in our vision statement that we want to be one of the preferred ones. So, clients have their preferences about this. But there is enough job and I see that yes, this industry should be doing good.

**Rohan Mehta:** Got it. Got it. Another question is what is the difference in your rental yields for leased crane versus your own crane? If you can give a figure on it.

**Karim Jaria:** I have given this again but I will give it again. So, I have given this in the past but I will give it again. So, our yields are between 30%-36% depending on the long-term projects versus the short-term projects or mid-term projects. So, it is bouncing between this. Sometimes it is even 40% but it is sometimes. So, that is why we don't put those figures here.

 In general ballpark figure, it is 30%-36% range. That is why we should be able to clock 30%-33%-34%. This is how we clock. And when it is subcontract cranes, the mid to smaller size cranes would be 10% flat. And if we start engaging going forward into 400-600 ton or 800 ton cranes, where the turnover and revenue is very high per month, that margin would be around 5%. So, general average which I said was 7%-8%.

**Rohan Mehta:** And in terms of profitability, purely focusing on that, what would be the differential between owned and leased cranes?

**Karim Jaria:** Owned cranes, after we have paid our loans, it is 100%, whatever we save after the expenses. So, after the interest paid, the depreciation is still in the pocket. Whatever the cash profit is coming home. Subcontracting cranes is not something that we have people who sign up with us that only will work with us.

So, after every project, they may turn on to a different project, a direct inquiry from a client or maybe from another crane company. So, it is something which we don't want to depend on. And subcontracting, until now, we were also using it as fillers, I call it. So, 85 ton we invested, 100 ton also we invested and we may invest a couple of them again. So, these cranes, what we do is, when we don't have that crane, we would rent those cranes.

 And when we have the capex plan, we would import those cranes for us because these are the longer term projects. So, maybe 3 months, 6 months, we will use a subcontract crane. After the 3 months, 6 months of period, we will tell them, okay, we will close the contract with you and we will bring in our own machine for the balance period of 1, 1.5, 2 years of that project.

So, sometimes we don't have the cranes but we know that we want to buy this crane and it is under the pipeline coming in April or May or June. So, in that shorter period duration, we use this as a buffer. So, we will bring in subcontract crane, capture the order, a long term one and then we will buy the crane and plug in our own crane there.

 So, that's a mixed strategy for which we use these subcontract cranes. But yes, generally you will see these 10, 15 cranes, definitely that many cranes, we have people who want to support and are happily working with Crown because the payment is secured, the way we operate, it is more professional approach. They see that it's a long term project that we are giving them and even they get our credibility in the market.

When they work with us, our crane logo goes on their crane also and our team, which is also at that side for our own crane. So, we try to put the subcontract cranes in the similar sites where our other larger cranes are there. So, we are able to even help them getting their crane serviced in time or maintain that –so they are getting this professional help and they are learning the ways that we practice it and the client is also okay with that because they are getting newer cranes, we are making them buy newer cranes for us for long term projects where we don't want to invest. And this is a give and take kind of thing where the subcontractor wins, we win, the client wins.

**Rohan Mehta:** Right. So, just to confirm that one, for subcontracting, you are saying 8% to 10% margin is what you make?

**Karim Jaria:** So smaller cranes are 10%, the larger cranes would be 5%. So right now in this quarter we don't have any larger crane in this, so right now it is 10% and going forward we are looking to hire some larger crane contracts or cranes also. If we get from the market, if there is availability because there is still a shortage in those sizes. If we get it from the market, if we are able to time it well, those would be 5% to 6% of margin. So, general average would be 7%, 8%.

**Rohan Mehta:** Got it, got it. Thank you. Thank you so much.

**Moderator:** Thank you very much. Next question is from the line of Piyush Jain an individual investor. Please go ahead.

**Piyush Jain:** Yes, hi Karim bhai. Good set of numbers. Just wanted to understand this since you are saying active projects something around 10% to 11% in active clients. So this is like a short term 10 or type of 3 or 6 months that keeps on changing or these are like bigger size of contracts like 9 to 12 months.

I want to know how we get that revenue sustainable or it will be growing? Because this quarter the growth was little bit down let's say. Y-o-Y basis it was 20%. Last 2-3 quarters we were doing around 40%-50% type of growth. The market is a little bit subdued..

**Karim Jaria:** No, it's not due to the market conditions. I would request you to study the company's balance sheet for say last 2 years back when the numbers were very marginal and you obviously see a spike in the number coming in the very next year, when the first 2 years back we had INR15 crores to INR17 crores of capex. The next year was INR65 crores. That was a robust capex size, right?

 So because we get an INR65 crores on a smaller balance sheet is different. This year we got INR55 crores to INR60 crores that is coming in on the balance sheet which was printed last year. So if you see that percentage of growth, that is why the earlier percentage of growth would be 70%-80% on the top line also and then it comes to 50% then it comes to 40% and then it flows at a sustainable growth of 30%-35% or 25%, right?

So as the company keeps growing the capex has to increase. If the capex is going to be at INR50 crores every year then you see a percentage growth you have to calculate it that way. So next year we have already put in our presentation that we are looking at a substantial capex growth.

Obviously we have a backup with the warrants we have done already in November which was done at INR268 at that time and that fund is 75% is yet to be received. Once we start receiving those funds as well as we have finances planned we have our own cash flows that is coming in.

 With that kind of numbers we will definitely have to engage in higher capex to see that numbers sustains on the top line. Our focus is on the top line but at the same time our focus is more on the margins which will come additionally from the subcontract cranes also as well as our own cranes where the cost of admin is not increasing drastically but our additional cranes are bringing in more margins. So it's adding more to the bottom side than the top side.

 So if required there will be a preference coming up next year maybe because we will have to have enough margins because banks are ready to support us. So our creditability with the bank is top A class. So even if we want another INR50 crores coming from the bank yes it can come but at the same time we will also have to have our margins coming in as a 20%, 25% whatever margins that we apply on different cranes, we will require that also coming in at the same time.

 So everything is being budgeted for the next financial year. Everything is being planned that how are we going to maintain the growth even if we have the orders we also need the money at the same time to grow.

**Piyush Jain:** So what type of growth we are forecasting for next quarter I am not asking for a year or something. You said you will do around INR50 crores-INR55 crores of capex or something and we have already done a sizable capex in last 2 years also. I just want to understand what type of growth..?

 **Karim Jaria:** With the kind of budgeting which is still under progress which I am still under the plans of what kind of cranes for what projects I read a few projects and there are few more projects which I have not covered in this slide because it was announced in the last con-call they are still yet to kick off.

So it depends on the project cycle when it kicks if they kick earlier and we may require the funds earlier the bank is already as I said being lined up we will have a call for our warrant money also if required later down the line we would have preference also coming in and the earlier the project starts, the numbers are going to be better.

The projects if they kick in say after monsoon and some projects within monsoon so it will all depend when the project starts but looking at the cycles and the orders and few projects which I have already kicked in but the crane requirements because first it is a civil job that happens at the site then the mechanical crane and those kind of things they add up.

So looking at that I should want to place a number that 30% growth is very very achievable and I don't see any hiccups there, that we should not forecast a number of 30% plus.

**Piyush Jain:** And just a couple of more questions. First this Serentica project you have mentioned in the presentation, if we are able to disclose the size of the project if possible size and tenure of the project or just is it a sustainable margin which we are earning right now or there is a margin difference in this wind type of project.

And second is how is the inquiry after Q3 I don't want data in terms of number or something but after Q3 how is the inquiry with respect to ..?

**Karim Jaria:** Let's break up the questions. It will be easier for me so I don't mix it up too much. So the first question is that, what is the size of the Serentica order. The Serentica order first which came in for 6 months which is around INR4 crore order and during monsoon sometimes the company would pay us 50%-70% of the amount and we still have an option to move our crane to different projects.

That's what I was mentioning that we are talking to KP Energies and other companies in the south wherein the cranes will also be utilized during the monsoon season which is in the other state but not there. And then when there is monsoon in December in Tamil Nadu or something we will move those cranes back to places where there is no monsoon. So this climatic change play, we will have to keep doing it.

So Serentica also has orders in Karnataka. They have one new project coming in Gujarat. KEC is coming up with a project in south in Karnataka now because they are also starting in the wind sector now, sooner. And because of this mix because the monsoon is there, so the orders are for 6 months, then they are renewed continuously.

So when Serentica or Renew Energy or Suzlon, they will take a crane, they take a package. These packages don't release. Once you buy it, they are there for 2 years 3 years because only the break comes in between the season, will they ask for a discounted price because the crane usage is not much during the monsoon or few projects where there is very very heavy rain they will not engage using the crane for 2-2.5-3 months.

So we are trying to avoid those patches to go and work there. The current patch in which we are given our crane is in Maharashtra and we see until June we have the order till June -- but even before that we have an option after 6 months to get our crane released and move our cranes to zones like Bhuj where we have another 1 year of full contract coming in. So if we are able to do that, then we will not see a break in between for the 3 months. That is what we are focusing and working right now. So the first order which came to us is for INR4 crores.

**Piyush Jain:** And the margin is in similar lines? What we are right now earning EBITDA of 60% or something?

**Karim Jaria:** Yes it is the same margin. We had engaged this 800 ton crane in the package to another client in the same region. After that the principal client wanted to hire the crane directly from us because the contractors contract got over there and our crane was released and was supposed to move to another place. Serentica was the principal client. They wanted to hire the crane directly from us. They hired it directly from us and it was hired at the same price. And that is the minimum benchmark pricing, which is in the market as I speak to you now.

**Piyush Jain:** And you mentioned KPI Green Energy, this is like a Gujarat entity correct? Farukbhai Patel’s entity, correct?

**Karim Jaria:** KPI Green Energy, yes it is Surat based company.

**Piyush Jain:** And post December how is the enquiry? Just to understand without numbers, post December

**Karim Jaria:** September inquiries zone flow now. All the enquiries generally are floated between 30 days to 90 days. The higher capacity cranes enquiries are generally floated 60 to 90 days. The smaller ones are floated between 15 to 30 days and the mid-size is floated between 30 to 60 days.

So the forecast on the enquiry pipeline is always for the 3 months that we see. Yes the projects which we study and we do the R&D which I also read through what projects have been announced, so we would go and do our R&D when those projects are kicking off. There are a lot of refinery projects that are going to be kicking off and there is a lot of steel projects that will kick off.

There is a bullet train segment which has now started from BKC going and connecting in Vapi, for which already we received few orders and the higher capacity cranes will come there after monsoon. So those kind of pipeline things we have already in the R&D and with what we would time, is buying our fleet in those sizes.

When we know ok, ok this crane is required 10 and this is one of our clients where they prefer us working with them so we can capture 2 crane order or 1 crane order or a 3 crane order that is the kind of order distribution, that the client generally does and that is how medium sized company would get an order. Out of the 10 units, you get 2 cranes order or 3 cranes order.

**Piyush Jain:** Perfect, thank you. Just one thing, if we can share the data with respect to the size of the cranes, we are right now having and the future capex would be happening on which size of the capacity of the cranes?

**Karim Jaria:** Generally, see the margins don't differ much. So we don't like to spell which size cranes would be there. But yes one quarter cranes we can probably tell you, like in the next quarter. So we keep it dynamic, right?

**Piyush Jain:** So when we say capacity. I was asking from the perspective of margin, just want to understand, the growth requirement from the industry and business segment which is like wind and solar and refinery and all. Is requirement coming from low capacity type of crane or higher capacity type of crane?

**Karim Jaria:** No, so the enquiries where the project is very very long term, are going to be smaller and mid-sized cranes, below 400 tons. Those are the cranes which are used for 1 year, 2 years, 3 years. When it becomes a 400 ton, 600 ton or 800 ton cranes they are ordered for 3 months or 6 months. 800 tons only in the wind segment, we get a 9 to 10 month order then the monsoon is a break period and then again there is a 9 to 10 month cycle.

So that is how the breakup happens. We can definitely think of getting a breakup of our fleet into the next presentation or something and we can give you capex guidance maybe in the next con call again. What kind of capex planning and budgeting we have done and we will give you a general box figure of what kind of sizing we are looking at, mid-sized or the higher sized, rather than pointing exactly on what size we are going to do. Because it is dynamic.

At the same time we are talking to like four clients in one state. So whichever client comes in first. It's not that we have 10 cranes that we will be able to cater to everyone, right? So we will be able to cater to a few of them. So it is dynamic, so whichever client comes in first, which is our first preference, which state is our first preference, who's going to make payment in time, who's going to give us longer cycle, which site is going to get less engine hours on my crane.

So there's a lot of dynamics that we use in our sales and marketing. Less maintenance, easy access to travel to that site, whenever there is any maintenance to be done. So, infrastructure which is developed around the project or not, because that helps us during maintenance time.

So, those all calculations are done before offering from the four clients, say, in different states which are asking for the cranes. If it is going to the second or third type of clients, the margins are going to be higher. If it's going to the first type of clients, the margin may be a little lower, but then the crane doesn't have a lot of maintenance. So, it adds up there again in the EBITDA.

**Piyush Jain:** Perfect. Thank you for answering all the questions patiently, Karim bhai, all the best.

**Moderator:** Thank you very much. As there are no further questions, I would now hand the conference over to Mr. Karim Jaria for closing comments.

**Karim Jaria:** Thank you Neerav. We extend our sincere gratitude to our shareholders, stakeholders and the entire Crown team for their ongoing support and dedication. We look forward to remain committed to scaling new heights in the coming years. Thank you very much.

**Moderator:** Thank you very much. On behalf of Crown Lifters Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.