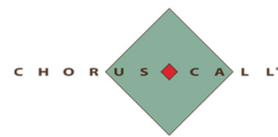




“Z-Tech India Limited
Q1 FY’25 Earnings Conference Call”
August 14, 2024



MANAGEMENT: MR. ANJANI GOYAL – CHIEF FINANCIAL OFFICER– Z-TECH INDIA LIMITED
MR. SUNIL GHORAWAT – CHIEF BUSINESS OFFICER– Z-TECH INDIA LIMITED
MR. ASHISH GOEL – COMPANY SECRETARY AND COMPLIANCE OFFICER– Z-TECH INDIA LIMITED
ADFACTORS PR – INVESTOR RELATIONS – Z-TECH INDIA LIMITED



*Z-Tech India Limited
August 14, 2024*

Moderator: Ladies and gentlemen, good day and welcome to Z-Tech India Limited Q1 FY25 maiden 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference call is being recorded.

I now hand the conference over to Ms. Sanghamitra Borgohain, Managing Director from Z-Tech India Limited. Thank you and over to you.

Sanghamitra Borgohain: Good morning, everyone and welcome to Z-Tech India Limited maiden earnings call for the first quarter of the financial year 2025. I would like to begin by expressing my gratitude to all of you for taking out time and joining us today. I have on call with me today Mr. Anjani Goyal, Chief Financial Officer, Mr. Sunil Ghorawat, Chief Business Officer, Mr. Ashish Goel, Company Secretary and Compliance Officer, and Adfactors PR, our Investor Relations team. We have shared our results of the presentation. I hope you all must have received it.

Since this is our maiden earnings call, I would like to share a brief insight about our company, some recent development and industry scenario before we get into the business and financial performances of the first quarter of the financial year 2025. Z-Tech India Limited was incorporated in 1994 with their core focus on civil construction business, providing services related to design, supply, and building retaining structures. In addition to this, today we have actively engaged in the sustainable theme park development, where our focus involves creating theme parks for the utilization of recycled scrap materials.

Simultaneously, we are dedicated to implementing innovative wastewater management solutions for industrial units, employing the cutting-edge guide technology. This dual commitment underscores our holistic approach to sustainable practices, transforming discarded material into recreational spaces while efficiently managing industrial wastewater flow state-of-the-art technology. We have developed six theme parks, mostly located in Delhi, NCR, and UP at this point of time.

We have also ten upcoming theme parks. We have completed 30-plus projects, and 49-plus projects are also ongoing, with a total order book of INR145 crores. Our vision is to conceptualize, design, and execute innovative solutions to underpin environmentally conscious urban development and resilient business growth. Our mission is to be a catalyst for positive change and enable our clients to elevate health quotient of their engagement with the environment and communities. Our growth at Z-Tech India Limited is driven by an efficient business model that emphasizes careful project selection and cost optimization.

This approach, coupled with strategic planning and the use of modern construction equipment enhances our efficiency and profit margins. We conduct thorough technical surveys, feasibility studies, and cost analysis to ensure timely projection for the completion. We have presence in more than 20 states across India.



*Z-Tech India Limited
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Our experienced engineering and management teams rigorously oversee operational, administrative, and financial aspects to avoid cost and time overrun. Our commitment to quality assurance and adherence to project specifications fosters strong client relationships and builds our reputation for excellence. Most of our clients give us repeat orders and have been with us for the last many years.

Z-Tech India Limited is expanding its geographical footprint beyond its current presence, aiming to tap into new markets and customer bases, particularly in West and South India. Our growth strategy emphasizes both market expenses and sustainability. We are committed to operating in an environment-friendly manner and adopt measures such as cover sheds, water sprinklers, and windshields for dust, depression monitoring systems for pollutants and green vegetation surrounding our facilities.

Our internal R&D setup, led by [Mr. Vikram Dhumal](#) and Kavya Shree is crucial to our innovation strategy. The well-equipped R&D team focuses on developing new products and improving services based on customer needs. This commitment to research and innovation drives our business and enhances customer satisfaction.

As we advance our dedication to delivering high-quality, cost-effective solutions and our proactive approach to sustainable development, will drive us to achieve new milestones and exceed client expectations. Thank you for your continued support as we build a future defined by excellence and environmental stewardship. Now, let's talk about some of our recent developments.

One of our key achievements is our IPO listing on June 5, 2024. This journey began with filing our DRHP, followed by the RHP, and culminated in a successful IPO that was oversubscribed by more than 371 times. We raised 37.30 crores through the issuance of 33.91 lakh new shares. The primary goals were to address the company's working capital needs, fund-generated corporate purposes, and cover the associated expenses. We are thrilled to have received such strong support from our investors and analysts who play a crucial role in this process. We are also proud to be listed on the prestigious LSE FME platform.

This listing will enhance our visibility in the financial market and pave the way for future growth. Recently, we have announced that Happiness Park, located in Lucknow, UP, has been officially opened to the public on 11 July 2024. This significant milestone aligns with our committed deadlines and showcases our dedication to timely project completion.

We are delighted to share that within one month of its opening, the park has already welcomed 1,37,495 numbers of visitors. This overwhelming response reflects the excitement and enthusiasm of the community towards this new attraction.

Speaking from industry's point of view, India faces a severe risk management crisis with overflowing landfills posing significant health and environmental risks. The country has over 3,100 landfills, each contributing to the worsening problem. Major cities are struggling with

this issue. Delhi, Ghazipur in Okhla, and Bhalswa landfill are overwhelmed, with Ghazipur being the largest and most problematic, dealing with 11,332 tons of daily waste.

Mumbai's Deonar landfill, the oldest and largest in the country, receives around 6,400 tons of waste daily and has led to serious health concerns due to harmful gases. Efforts are underway to close and rehabilitate by 2035.

The metal recycling industry in India offers significant environmental and economic benefits. Recycling metal scrap conserves natural resources, reduces energy consumption and greenhouse gas emissions, and minimizes landfill waste. It also creates job opportunities, promotes economic growth, and enhances resources security by reducing reliance on imports. Additionally, we provide lower production costs to manufacturers.

Government support and public awareness further bolster the industry's effectiveness, making it a crucial component of India's effort towards sustainability and economic development. The Indian government has recognized the importance of metal scrap recycling and has taken several steps to support and encourage the industry. Initiatives such as Metal Recycling Policy, the Swachh Bharat Abhiyan and Make in India have created a favourable environment for the recycling sector to thrive.

The Indian water and wastewater treatment market valued at USD1.51 billion in 2022 is expected to grow at a figure of USD11.22 from 2023 to 2028. The Indian water and wastewater treatment technology market size is estimated at USD1.02 billion in 2024. This growth is driven by government initiatives such as the Atal Mission for Regeneration and Urban Transformation, National Mission for Clean Ganga, and Community Drinking Water Scheme aimed at improving water quality and managing wastewater.

Rapid urbanization and increased sewage in cities like Delhi and Bombay have heightened the need for effective treatment solutions. Despite a sewage treatment capacity of 31,841 million litres per day, only 28% of urban sewage is treated, with 72% remaining unfitted. So there lies a huge potential.

Indian infrastructure sector is crucial for its economic advancement. The government's commitment to infrastructure development is evident through substantial initiatives and investments. In the recent budget, the Indian government has allocated INR [11,111](#) crores for infrastructure development, amounting to 3.4 of GDP. This includes INR1.5 lakh crores in long-term interest-free loans to states to support resource allocation. The Phase 4 of Pradhan Mantri Gramin Saras Yojana will be launched to provide all-weather connectivity to 25,000 rural habitations. Additionally, financial support of INR11,500 crores has been earmarked for project facets Kosi-Messi Infrastructure Link, along with 20 other ongoing new schemes.

Looking ahead, India's infrastructure strategy involves substantial investment to achieve its USD5 trillion economy goal by 2025. Initiatives such as the Maritime India Vision 2030 and plans for new air connectivity are crucial for further development. Overall, the infrastructure

sector development remains a cornerstone for India's economic strategy aiming to deliver the world-class facility and support the country's rapid growth and development.

Now coming to our financial performance. First quarter for the year 2025. In the first quarter ended on 30th June 2024, our company achieved a net revenue of INR16.2 crores, an increase of nearly 60.8% year-on-year on account of robust growth in sustainable theme park business with EBITDA has increased by 2x, standing at INR3.4 crores in quarter one financial year for 2025 as against INR1.2 crores in the year 2024.

Profit after tax was INR2.4 crores in the year 2025 against INR1 crores in the year 2024 showing a significant increase of 129.4% year-on-year. Basic EPS stood at INR2.26 in first quarter financial year for 2025. That is all from our side. We can now open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Sahil Sharma from Columbus Capital. Please go ahead.

Sahil Sharma: Hi, congratulations for a good set of numbers. I had a question on the parks division. I just wanted to understand that if you take all the projects that we are executing right now, what does the EPC order book look like? Basically, over the next few quarters, what is the total EPC revenue you will get from the contracts that we are executing right now?

Sanghamitra Borgohain: For this, I think Mr. Sunil Ghorawat did a right person who can answer your question.

Sunil Ghorawat: So, you know the EPC revenue will constitute around in next three quarters would be somewhere in the range of around INR60 plus crores.

Sahil Sharma: Right, right. So, and this is with the contracts that are going on right now. And can you give any further on what contracts we have bid on right now? And basically, what are the expected, number or any qualitative aspect where we can win contracts in the next three quarters?

Sunil Ghorawat: So, we have almost around 20-odd projects where the tenders are either floated or the tenders are in the process of coming out. And we expect to win majority of them within next probably by end of December.

Sahil Sharma: Wonderful, sir. And sir, right now we have two parks which is the Lucknow parks. I think Harmony and Happiness where we are getting ticketing revenue also.

Sunil Ghorawat: It's not Harmony, it is UP Darshan and Happiness. Harmony is going to open in the next three to four months.

Sahil Sharma: Understood. Yes, UP Darshan and Happiness and Harmony will open in three to four months. That is what I was trying to understand. Can you share some timeline where the next few parks will open, where we can start getting ticketing revenues?

Sunil Ghorawat: So, we expect that starting October onwards till March we will have one opening every month.

- Sahil Sharma:** Okay. Thank you, sir. I'll get back in the queue.
- Moderator:** Thank you. We'll take our next question from the line of Rohit Priyadarshi, an individual investor. Please go ahead.
- Rohit Priyadarshi:** Hi. So, my question is related to the theme park from the Lucknow one, the UP Darshan park and Happiness park. So, I want to understand what is the amount of capex that you have done in both of these parks?
- Sunil Ghorawat:** So, our total capex between these two parks is in the range of around some three odd crores rupees because a significant part of the capex is done by the government.
- Rohit Priyadarshi:** And second question is, sir, I want to also understand the process. How do you identify parks for development? Like, how do you connect with LDA because most of the parks in the Lucknow area is owned by LDA only. So, can you please clarify the process?
- Sunil Ghorawat:** So, as you would understand that most of the parks are either run by municipal corporations or by the development authorities in the respective cities. So, our approach is usually to reach out to both of them. Now, depending on the location and depending on the size of the park, which we like, then we suggest a kind of a possible theme to the required authority. Once a theme is discussed, then the process of tendering and everything starts. So, for example, in Lucknow, we are also talking to the municipal corporation for a potential site. And we might do it there with them as well.
- Rohit Priyadarshi:** So, I want to understand the revenue sharing model. If I talk about the Happiness Park in Lucknow. I also visited there, and I tried to observe things. There were shops inside the campus. So, I want to understand the revenue of the rent that the shop owner is paying, is it coming to us or is it going to LDA? How does this work?
- Sunil Ghorawat:** So, a part of the rental which comes, goes to the government and a part remains with us. Along with that, with all those establishments, we also have a revenue sharing model. So, we get revenue share of whatever their sales happen. So, we have access to the POS, and we control what kind of a sales has happened and we get that every month.
- Rohit Priyadarshi:** Is there any specific percentage like 50-50 or 60-40? Any kind of revenue sharing?
- Sunil Ghorawat:** No. So, these guys, they pay us a fixed rental, right? So, we can't charge 50-60%. They won't make money. So, our objective is always that you need to create a win-win situation. So, we charge a fixed rental plus a 15% revenue share. The entire investment is theirs. So, we make money on two counts. We make a fixed revenue on the rental side, and we make a variable revenue on a revenue share side.
- Rohit Priyadarshi:** Okay. And so, the ticketing revenue is coming to us directly?
- Sunil Ghorawat:** Ticketing revenue comes to us and then we give the government their due share.

- Rohit Priyadarshi:** Sure. Thank you and I'll get back in the queue.
- Moderator:** Thank you. We'll take a next question from the line of Dinesh Kulkarni from Finsight. Please go ahead.
- Dinesh Kulkarni:** Thank you. First of all, congratulations on a good set of numbers for this maiden earnings call. My question is, you mentioned we have somewhere around 140-150 crores of order book, across segments, what is the timeline for achieving this? Is that all of it will happen in this financial year itself or it will be spread over the next financial year as well?
- Sunil Ghorawat:** It will be spread over the next financial year as well because some of our orders, particularly related to geosynthetics part of the business, usually get executed a period of 18 to 24 months. And moreover, as you will understand that a large part of our projects are outdoor projects. So the first two quarters always remain a little challenging, depending on the various degree or the timing of the rains across the country. Ok, got it. Thanks for that.
- Dinesh Kulkarni:** So, the question is, so can we just get an approximate share, how much you are expecting will happen based on your estimates, approximations?
- Sunil Ghorawat:** Around 60% will happen in this financial year.
- Dinesh Kulkarni:** This financial year?
- Sunil Ghorawat:** Yes.
- Dinesh Kulkarni:** Ok, awesome. Great. Sir, another question, more of a technical one. You mentioned that we have this water technology, it's something about chemicals. So, what my question is, how scalable this technology is, is it specific to use it only for some set of projects or can it be given out on patented technology so that you can give it to some other company, and you can make royalty on top of that.
- Sunil Ghorawat:** See, it's a good question. The technology is very scalable because the technology is a higher degree of extraction technology, which is called eutectic free extraction. You know, the difference between our technology and other technology is, the kind of a purity which we can get on the recovered chemicals is extremely high. Now, as a company, currently we have been working on few compounds but at the same time, what I mean is that we are executing projects of few compounds, but we are in the process of continuously adding more compounds in our bouquet of recovering of the chemicals.
- So as long as we keep adding more compounds, the business can be very scalable, not only in India, outside India as well. To your second suggestion, which is about licensing out the technology and then earning a royalty out of it, our belief is that it is still at an early stage. We need to probably ensure that we have done enough number of projects to show that the concept works well. And that is the reason why we chose the difficult path of addressing this need to very demanding customers, so that the technology gets fully fine-tuned and probably works well.

So, as we speak, you know, we have blue chip customers like Grasim, Gujarat Alkalies and Chemicals, Navin Fluorine, DCM Shriram, very, very discerning, and demanding customers where we have executed these projects. So going forward, yes, there is a possibility that we can license out certain part of the technology and earn royalty out of it. But as of now, our focus is to do more of these projects ourselves.

Dinesh Kulkarni: Thank you for that answer. So, my question related to this, as we see, we have made almost INR12.12 crores of revenue in this quarter, which is phenomenal. Considering the previous year's financial year. My question is, whatever the molecules which you extract from the wastewater, how do we segregate, do you segregate the revenues based on how much you have resold those chemicals again back or is it just clubbed as part of just Waste water management?

Sunil Ghorawat: So as of now we don't sell this chemical. Currently, all our projects are more EPC driven. The client who is paying for it gets the access to these chemicals. So, we don't take that part of the operations as of now. But going forward, let's say when we offer this solution on a more like a BO model, yes, at that point of time, we'll be in a position to sell these chemicals.

Dinesh Kulkarni: Ok, so currently we are just segregating those chemicals and giving out to the client.

Sunil Ghorawat: Right. So, the client has two benefits, one, they get access to chemicals and the other, they also get clean water to use.

Dinesh Kulkarni: Right. So, this wastewater revenue, which you have mentioned is only the segregation revenue here. There is no EPC or any other? How do I see this breakup of this INR2.63 crores of revenue?

Sunil Ghorawat: This is purely part EPC of the project. This is not about segregation of the chemicals. So, we are executing projects. So, this is only a part revenue out of those EPC projects.

Dinesh Kulkarni: Ok, so I realize that the margins which you are generating on this wastewater management, it's phenomenal. It's close to 25 percent plus or something. Is this really sustainable going forward because a lot of other players are getting into a similar kind of a business line across, the space?

Sunil Ghorawat: This is a pretty difficult line. It has taken us years of work to probably commercialize the technology. So, first of all, there are not too many players operating into this line. And that's an opportunity as well as a challenge because we need to do more hard selling to the customers. Because who would like to try it first is the challenge. So, we feel in a specialized job like this, this kind of a margin is sustainable. So, I don't see that as a problem, going forward.

Dinesh Kulkarni: Ok, got it and my last question is, you've done a fantastic work on this theme park, which is quite visible in the numbers. Given the current set of ongoing projects and the parks which are already operating, what kind of approximate revenue numbers would you expect for this financial year and the next financial year?

- Sunil Ghorawat:** So, we expect around 60-65% of the revenue come from the theme park business. And the balance, 35-40% will come from our other two businesses. The theme park business is more like a monopoly business to us at this point of time. And with the kind of a momentum, we have been able to generate and the kind of a business model which we have been able to show to the government, our pipeline is really full and probably it's top of the line. So, we expect that 60-70%, 65-70% will continue to come from the theme park part of the business.
- Dinesh Kulkarni:** Thank you. Yeah, I'll join back the queue. Thank you very much.
- Moderator:** Thank you. We will take our next question from the line of Bharat Reddy, an individual investor. Please go ahead.
- Bharat Reddy:** What is the revenue contribution of each quarter in percentage terms to overall financial year numbers and any seasonality in the business and if yes, the reasons for the same?
- Sunil Ghorawat:** I didn't get your first question clearly. I heard the second part of seasonality part. So, I can answer the first seasonality part and then you can ask your question again, the first one. Yes, there is a seasonality part in the business for a couple of reasons. One, even when we do an EPC project, most of our projects are outdoor projects. And because they're outdoor projects, the first half of the year is always challenging from a point of view of rains, floods, and everything else. Also, similarly, because these are the outdoor projects, let's say when we talk about the theme parks also. So, we have lesser footfall compared to what we see in the second half of the year.
- Bharat Reddy:** Yes, I will come back to my first question. So, the question was, what is the revenue contribution of each quarter? I mean, we have four quarters, right? So, I'm trying to understand what would be the revenue contribution of each quarter to overall financial year numbers.
- Sunil Ghorawat:** The revenue contribution will continue to be in the range of 60 to 70 percent every quarter in terms of the theme park. And the other two businesses will continue to contribute 30, 40 percent, probably might be, slightly higher in the second half, considering they will be able to execute projects faster, particularly the Geotech business.
- Bharat Reddy:** Okay, so H1 versus H2, can I assume H2 contributes 60 percent and then H1 40, roughly?
- Sunil Ghorawat:** Yes, it's two thirds, one third.
- Bharat Reddy:** Yes, that's all. Thank you, sir.
- Moderator:** We'll take our next question from the line of Sahil Sharma from Columbus Capital. Please go ahead.
- Sahil Sharma:** Sir, one thing I was just thinking about in the parks business for the part of the capital that we have to put up, sir. And then there is a part of the capital which the government is putting up. So basically, my understanding is that the part which the government is putting up comes as EPC revenue. Is that correct?

- Sunil Ghorawat:** Absolutely.
- Sahil Sharma:** So basically, the part that we have to put up, that we are funding through this IPO accruals and all of that.
- Sunil Ghorawat:** That gets capitalized. Yes, absolutely. That's actually, if you think of it, that's our margin which we are capitalizing.
- Sahil Sharma:** Right. Let's say there is a 10-crores contract. In that 10-crores contract, 5 crores the government has to give and 5 crores we have to give. And on that 5 crores that government has to give, that part is EPC. That part we are getting as revenue, right? So basically, what I'm trying to understand is what we have to contribute, looks a bit higher than our margin.
- Sunil Ghorawat:** Let me explain to you slightly more realistically as is happening. First of all, in all our hybrid projects, we don't like to or neither we want to put more than 10 to 20 percent of the total cost of the project. So, let's say the project is worth INR10 crores, and my cost of that project is INR6 crores. So, the government is giving me INR8 crores. So, I am making an EPC margin of INR2 crores. And I am leaving, the INR2 crores of my further margin getting as a part of my contribution to the project. So, I am making money on both sides of the equation, that my 2-crores investment goes towards, my revenue sharing for next 20 years.
- Sahil Sharma:** Understood. Sir, in cases where more capex we have to do, in those cases this IPO funds and all that would be used, right?
- Sunil Ghorawat:** Absolutely. And in that case, what we will do Sahil is that, probably we have much significant revenue stream. So, for example, it can be as high as 95 percent, 90 percent. So basic idea is that we want to recover any of our investment in probably not more than one, one and a half years and total project lifecycle is minimum 20 years.
- Sahil Sharma:** Wonderful. Sir, one follow-up on this. If you look at the map of the kind of projects we are getting, we see a lot of projects coming from Delhi, from Uttar Pradesh. Sir, can you give any updates on any of the other, large states, let's say, Gujarat, Karnataka?
- Sunil Ghorawat:** I got your question, you know. So, there is a reason behind why the growth probably has come from these two states. Obviously, we started from Delhi, we got our first breakthrough in Delhi, and today Delhi proudly claims to be the world's largest waste-to-art city. And I won't be surprised as a country, we are the world's largest waste-to-art country in the world. Now, obviously, as Delhi NCR belt, we were able to get entry into both Haryana and Uttar Pradesh, but we chose to focus on Uttar Pradesh just being the sheer size of the state. So, thankfully, we made significant inroads into UP and now we are, you know, going across the whole state and doing these projects.
- Having said that, once we established our business model, this has spread across the country. So, today we are executing projects in Maharashtra, we have in pipeline Rajasthan, Gujarat, Karnataka, Odisha, Kerala. So, we are in Meghalaya, so we are now going across the country.

- Sahil Sharma:** Wonderful. Sir, actually, like you mentioned, 20 such projects are currently being drafted and the tenders will come out. One question is for all these tenders, there will be working capital requirements, there will be expression of interest, there will be some performance guarantee that we have to give. Sir, do we have to either take debt or raise equity or we have enough funding for next, let's say, one year or something?
- Sunil Ghorawat:** We have funding for the next year. Because our businesses are profitable enough that they are cash generating too. So, we don't see that as a challenge.
- Sahil Sharma:** Superb, sir. Thank you so much. I'll get back in the queue.
- Moderator:** Thank you. We'll take a next question from the line of Rakshit Shetty from Apex. Please go ahead.
- Rakshit Shetty:** Hello, sir. What would be the revenue and PAT margins guidance for this FY25?
- Sunil Ghorawat:** Now, am I allowed to probably say it, or I don't know, being the first call I have. Amit, are you there?
- Rakshit Shetty:** Sir, it's okay, sir. In SMA, it's very much. Sir, in your investor presentation in the morning, you have mentioned ongoing projects, if I add all the three segments, it's coming around INR195 crores. So, how much will be executed in this financial year?
- Sunil Ghorawat:** No, so we will be executing billing of somewhere around INR120 crores.
- Rakshit Shetty:** Sir, my first question.
- Sunil Ghorawat:** Your first question was in regard to the number, as I told you, that would be the revenue number. As far as the PAT guidance is concerned, it will be in the similar range, which we are currently operating. So, it should be somewhere around 20 odd crores.
- Rakshit Shetty:** Okay. And what are the PAT margins of the theme park business?
- Sunil Ghorawat:** PAT margin of the theme park business remains in the range of around 20 plus percent.
- Rakshit Shetty:** Okay. So, can you throw some light on your geotechnical solutions business model in terms and your specialization in Retaining Wall.
- Sanghamitra Borgohain:** So, in the geotechnical segment, I mean Retaining Wall is one portion of application of work which we do. So, similarly, we have like three more other applications which we are specialized in. But the majority of the revenue comes from Retaining Wall. Yes. That is true. But then we are now trying to expand more on the other applications like slope protection work and ground improvement and landslide mitigation. So, with all the environmental disaster and with all the natural calamities happening, we know that there are lots of landslide issues which is going on in the country, right? So, we have a dedicated team for that and then

we are trying to expand on that segment mostly. So, retained wall business would definitely be there as we being the pioneer and the oldest segment of business [inaudible 41:38].

Rakshit Shetty: Fair enough. Sir, since you are charging ticket fees, in the theme park business, how much is the repeated customer incoming?

Sunil Ghorawat: Very difficult to track as of now. But when we have done some qualitative surveys, we have found, people coming there regularly because it has become a destination. But we don't have a kind of a quantifiable number as of now.

Rakshit Shetty: Sir, what are the value additions apart from the ticket once the order execution is done, which is one time, and ticketing will be throughout, and what are the other areas which are contributing like food and beverages and fun rides in the park?

Sunil Ghorawat: Food and beverages, kids activities, retail, adventure activities, all these events, branding, advertisement, all these can contribute to the revenue stream.

Rakshit Shetty: Z-Tech itself is doing or are they outsourcing it?

Sunil Ghorawat: Mostly as of now, we are outsourcing it. Gradually, as we are learning the tricks of the trade, we will figure out how to probably, do it ourselves, some of the things.

Rakshit Shetty: Yes. As margins are very much high in this type of business.

Sunil Ghorawat: Yes.

Rakshit Shetty: Fair enough, sir. Thank you so much.

Moderator: Thank you. We will take a next question from the line of Aditya, an individual investor. Please go ahead.

Aditya: Hi, sir. So, I have one question regarding the HAM project. We are going to execute 79 crores worth of project, how much of those projects are HAM projects?

Sunil Ghorawat: So, the theme park businesses mostly are now ham projects.

Aditya: So, out of the 79 crores, almost 70-80% is ham project, right?

Sunil Ghorawat: Absolutely.

Aditya: And previously, they were EPC projects?

Sunil Ghorawat: Previously, they were EPC projects, sir.

Aditya: And if we are doing so much of the ham project, how would our balance sheet look like? We will be giving equity of around 10-20%, as you have mentioned in this call. So, that portion would become part of our property plant and equipment?

- Sunil Ghorawat:** I think so. It will become part of our asset side only. Sometimes it's 10%, sometimes it's 20%.
- Aditya:** Okay. Thank you.
- Moderator:** Thank you. We will take the next question from the line of Sahil Sharma from Columbus Capital. Please go ahead.
- Sahil Sharma:** Sir, can you just explain the economics of the operation side of it? Basically, what is the cost? Let's say we are getting some ticketing revenue, what other types of revenue we get while operating and what is the cost side roughly?
- Management:** As far as the income revenue side is concerned, the first thing starts with the ticket. Then is the F&B rental and a fixed share. Then it's the kids' adventure activities also has a fixed rental plus rev share. Then, there are events which people want to do it, so they pay a rental. And obviously, they pay for the tickets for entry into the park.
- Then the revenue, which so far, we haven't captured yet, is for the branding, advertisements, opportunities inside the park, which can be leveraged. So, these would be more of a revenue side of the business. Now, expensive side basically consists of, you know, the water and electricity, housekeeping, security, ticketing management, regular normal maintenance, which probably is required, whether it's for the artwork or the civil electrical types. So, these will be more like the expensive side.
- Sahil Sharma:** Sir, any rough estimates you can give, how much we might project for a typical park. Let's say one of the UP parks. According to us, how much could be the ticketing revenue, the non-ticketing, but recurring revenue and then costs for operating?
- Sunil Ghorawat:** Honestly, this being the first year of our operation, right, where we are into the operation of these parks, though so far, the numbers have been far, far, far higher than our expectations. I think it will be a little early on for me to probably project that, because as I mentioned earlier, these fabulous numbers came onto a season where probably the low turnout, high heat earlier and then high rains. Still probably as Sanghamitra mentioned, we had like close to around 150,000 visitors in Happiness Park in one month of opening.
- In UP Darshan Park, I think since mid of March till now, we have had, close to three and a half, four lakhs, visitors, and so the numbers are very, very encouraging. And we expect that generally these parks, because these parks are in mostly currently in North India, post, rainy season till February, March, we see, you know, huge footfall, that's based on our past experience of seeing that in the Delhi parks.
- Moderator:** Thank you. We will take our next question from the line of Rahil Shah from Crown Capital. Please go ahead.
- Rahil Shah:** Yes, hi, sir. So, just want to reconfirm the guidance for this year. So, when you said 120 crores billing, so that is the revenue we will recognize?

- Sunil Ghorawat:** Yes
- Rahil Shah:** But then what gives you confidence because the quarter one has been really slow and so when will we see the ramp up for, to reach the 20 crores PAT as well?
- Sunil Ghorawat:** So, as I mentioned, our real work of construction starts in more of post rainy season. We also see significant footfall upside also in the second half of the year. We also see more of a revenue share coming in also in the second half of the year. So, we are more than sure about numbers which we need to achieve this year.
- Rahil Shah:** And we will repeat it for the next year as well, the trajectory?
- Sunil Ghorawat:** I mean, it goes without saying, right?
- Rahil Shah:** Okay, because your order book was at INR140 to INR150 crores, I guess, right, for the year?
- Sunil Ghorawat:** Right, but also you need to keep in mind that you have had more than three months of model code of conduct, where there were orders not getting finalized across the country. So that period just ended in the month of June, around June 6th.
- Rahil Shah:** Okay, just quickly then, any order book outlook by year-end for the next year?
- Sunil Ghorawat:** Difficult to answer at this point of time, but I expect a minimum order book end of the year should be in the range of around 200 crores plus.
- Rahil Shah:** Perfect. Thank you and all the best.
- Moderator:** Thank you. Next from the line of Ashwini, an individual investor. Please go ahead.
- Ashwini:** Yeah, hi, good morning. Good morning. I just wanted to understand that earlier you had mentioned that there are about 20 projects which are in the tender or in the bidding stages and we are hoping to win majority of them. So, is it because most of these parts have been identified by us and then discussed by us with the municipal corporation and then the tenders have been floated? I mean, what gives us the confidence then that we will win majority of these tenders?
- Sunil Ghorawat:** Because we have been working from the day one, right from the ideation to everything else. So that gives us the confidence. Moreover, the order sizes are such that either not too many people can execute such projects as of now.
- Ashwini:** Yes. So that's what I was asking that from day one, from the ideation stage, we are constantly in touch with the corporation and after that the tenders have been floated.
- Sunil Ghorawat:** Yes. So not only ideation, we plant the seed in their mind that how this is such a wonderful thing for them to do for public at large and also make some money for the authorities or the corporations. Also, the money which they make from here, they can put that money into upkeep of so many more parks.

- Ashwini:** Perfect. And is it okay to assume that most of these future parks will be on the revenue sharing model?
- Sunil Ghorawat:** I would say 80-90% of them would be on the revenue sharing model. Or in some cases, why I say 80%, is because some states are saying that you just pay us a fixed rental, we don't want revenue sharing from a simplification point of view. And we are more than happy to do that. So, we have currently three more jobs like that which are being worked on, on a fixed rental basis, no revenue sharing.
- Moderator:** Thank you. The next question is from the line of Akbar Khan, an individual investor. Please go ahead.
- Akbar Khan:** Hello everyone. What I wanted to understand is how is the revenue model for the wastewater management? Is it similar to the theme park? Like how many years we run the project?
- Sunil Ghorawat:** Not as of now, Mr. Khan. As of now, our current model is purely EPC plus O&M in some cases. But our intent is going forward, we should be in a position to offer on a BO or BOT basis as well. But as of now, it's purely an EPC model.
- Akbar Khan:** Okay. And next question is with respect to scaling, how is it with respect to the wastewater management?
- Sunil Ghorawat:** Scaling is a lot of hard work. Though there is an unmet demand which is out there, but every requirement as of now is very customized. So that's where it takes a little more time. As we move forward and we probably make it more like a cookie cutter, offer more standardized solutions, then it will become scalable at a much faster pace. Thank you.
- Moderator:** The next question is from the line of Rakshit Shetty from Apex. Please go ahead.
- Rakshit Shetty:** Sir, what are the major challenges being faced in the execution of the project in all three segments, respectively?
- Sunil Ghorawat:** Sir, major challenges, number one is nature, number two is site conditions, number three is manpower. Very conventional challenges which any project execution faces. There is nothing very unique about it, except, in theme parks sometimes we have to struggle for the kind of waste material, which is required, and a corporation or authority might not have it. Then we need to work with them to probably reach out to other government agencies to probably, figure out and source other waste materials. So, these are the kind of challenges which are there.
- Rakshit Shetty:** Okay, sir. And the fast forward, the sports complex which you are building in UP, is it the first one?
- Sunil Ghorawat:** That's the first one, sir.
- Rakshit Shetty:** Okay. As pickleball, there is a major push in North America and it's slowly coming into India also. That's a good thing, sir. Thank you.



- Sunil Ghorawat:** So that's the whole idea, that to probably bring in these health driven sports, which can be played in a quick format and create a good, healthy environment overall.
- Moderator:** Thank you. We will take our next question from the line of Rachit Pandey from Ri Assets. Please go ahead.
- Rachit Pandey:** Hi, sir, just one question from my side. You've spoken about international expansion in our earnings presentation in the theme park division of the business, is there anything imminent, something in the works that's going on? Just some clarity on that.
- Sunil Ghorawat:** There are a couple of discussions which have happened. We need to probably actively pursue them. As of now, we have been, inundated with far too many projects and some of them are, very, very prestigious projects from its timeline and overall exposure point of view. So, we have to put more resources on the international side. But we do have, you know, inquiries come from several countries, you know.
- Rachit Pandey:** So, assuming these are international orders, the realization should be far higher. Would it be prudent to have some part of our resources channelized towards these international orders?
- Sunil Ghorawat:** You are absolutely right. So, we are working on that, and we expect that second half of the year we will have the team in place to probably drive that strategy. Part of our strategy is also to probably work with the Indian External Affairs Ministry to create this more as a friendship path. So, we have also started the dialogue with the External Affairs Ministry. Similarly, like the Ministry of Tourism. So, these parks can be created in other countries to promote Indian tourism potential. So, we are working on several directions.
- Rachit Pandey:** Thank you so much and congratulations. Thank you.
- Moderator:** We'll take our next question from the line of Dinesh Kulkarni from Finsight. Please go ahead.
- Dinesh Kulkarni:** Hello, sir. Thanks for giving me another opportunity. My question is pretty simple and just what we were discussing. What I can see is like we have almost 50 projects, ongoing projects, but our team size is just 75 plus and I'm sure that includes the high-level management as well. And we are going into getting into multiple projects as well, upcoming projects. Do we have enough bandwidth and manpower capability to take on more further projects or are we just outsourcing a large part of this project?
- Sunil Ghorawat:** You have answered the question. We are outsourcing large part of the projects so that our focus remains more on the ideation, supervisory, the little higher level of management. So as a company, we would have at any given point of time, 400-500 people who are on outsourced roles.
- Dinesh Kulkarni:** Okay. So, are we hiring more to garner because the more people we can hire and we can do the more work on ourselves, we will generate a higher share of revenue, right?

- Sunil Ghorawat:** We are. So, the process is on but at the same time we are a little choosy on people who hire, on full time roles. So, we are not rushing into it. But as a company, we are regularly hiring. Last one month of July itself, we would have almost 15 more people would have joined.
- Moderator:** Thank you. We'll take our next question from the line of Sahil Sharma from Columbus Capital. Please go ahead.
- Sahil Sharma:** Given our wonderful capabilities of building these parks, designing the different kind of sculpture, different kinds of artwork from this waste, have we considered any international projects, Dubai, Singapore or anywhere nearby?
- Sunil Ghorawat:** Yes, I just answered that question, I believe, probably a couple of minutes back that we are pursuing several ideas right now in international arena as well. But because of a little too much of pressure here, because three months of lack of activity because of code of conduct, we have been a little more swamped right now than usually are. So, our expectation is the second half of the year, we will start focusing on our international expansion as well, because as someone rightly pointed out, that gives the fire far higher realization as well.
- Sahil Sharma:** Right. So, what I was trying to understand is that, would those also be some kind of municipality contract ham kind of thing, or would those be like outright [Z-tech Parks](#) or I mean, just from your initial exploration.
- Sunil Ghorawat:** So, my initial exploration point of view, I don't necessarily need to work with a municipal corporation or equivalent in those countries. India, it becomes challenging because the land and the cities are so expensive. And if we need to keep the affordability in mind, we need to bring in the government as a partner to keep the cost of the project down. If I go into a country where the land prices are not higher, I'd rather, create my own strategy of running and owning these parks, I don't need to be dependent.
- Sahil Sharma:** Understood. Yes, thank you so much.
- Moderator:** Thank you. The next question is from the line of Yogesh Sarode, an individual investor. Please go ahead.
- Yogesh Sarode:** Good afternoon, sir. A few of the things which I wanted to ask was, going forward, what would be the vision for the company? Would it be the theme parks, or would it be the other two verticals as well? Because all of the teams have the government support. And largely for this year that you are also quoting, the majority of the revenue would be coming from theme parks. But for the vision going forward for the next two to three years, what could be the area that we would be focusing on?
- Sunil Ghorawat:** So, first of all, our vision is very clear that it is around sustainability. You know, the sustainability can be in form of theme parks. What we do in the space of water is also a sustainable solution because we are preserving the groundwater from getting contaminated. Otherwise, this chemical infected water would have gone into the ground. Similarly, when we

are doing flood protection systems or river embankment systems are also towards the cause of sustainability of the earth part. So that sustainability remains the core of our existence.

Now, as life would be, yes, we have developed much faster in the theme park business because of the consumer nature of the business. But our focus also remains to see that how these other two businesses get developed faster. So as a company, we have been now putting more resources to see that these two businesses should continue to grow at a faster pace as well. So, we are ramping up the management team there.

And also, it is important from an overall company point of view because these other two businesses are largely, private sector business. So, in our overall offering, it provides that balancing as well. So, we will continue to push growth in the other two businesses. I think some senior level, people are also joining the team in very recent future. So that will also provide the necessary focus and push in those businesses as well. Okay.

Yogesh Sarode: So, one last question on the project that we have on the theme park side, how many parks are we going live with? Is it okay to say six parks are going live this year?

Sunil Ghorawat: Between now and let's say March, we expect a minimum of seven, eight parks probably going online, if not more. In fact, the thing is that the government wants me to do it faster. The challenge is whether can we, do it? So that's the question of ramping up the team, ramping up the resources.

Yogesh Sarode: Great. That's all from my side. Thank you so much. All the best.

Moderator: The Next question is from the line of Rohit Priyadarshi, an individual investor. Please go ahead.

Rohit Priyadarshi: Thank you for the opportunity again. So, I want to understand the amount of capex that we are planning related to theme park for FY25, for specifically UP and for India. If you can provide the breakup.

Sunil Ghorawat: So, we don't have a breakup for India or UP as such. As I mentioned earlier that a large part of capex which is going is capitalizing our profits into a project. So, the money which I make in any project, part of that money is getting capitalized. But if I look at it from a balance sheet point of view, we should have 10% to 20% of our hybrid or our theme park EPC business should get capitalized this year plus the Noida projects which should get capitalized at another INR10 to INR15 crores. So that would be the kind of numbers which we'll be looking at.

Rohit Priyadarshi: And sir. I want to understand the sources of revenue that we made from a particular park. If you can summarize.

Sunil Ghorawat: I will summarize again. The sources of revenue, the first source of revenue is the EPC. The second source of the revenue is ticket share. The third source of the revenue is in F&B rental plus revenue share. The fourth is the kids activities. Fifth is the adventure activities. Sixth is



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the retail area. Seventh is the events. Eighth is the branding advertisement. These are the ones at least we are clear about.

Moderator: We will take our next question from the line of Manish from Middleton Capital. Please go ahead.

Manish: Sir, the revenues in FY26 can be about INR225 crores and INR40 crores PAT.

Sunil Ghorawat: Sorry, I don't know at this point of time. But yes, the business looks good.

Manish: We will grow by about 50% or 60% next year, that is FY26.

Sunil Ghorawat: We intend to, and we are very confident about it.

Manish: Okay, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as last question for today. I would now like to hand the conference over to Ms. Sanghamitra Borgohain, Managing Director from Z-Tech India Limited for closing comments. Over to you, ma'am.

Sanghamitra Borgohain: Hi, I hope everyone has got their answers and we were quite good to answer them back. Yes, I would like to thank everyone, I mean, for taking out all the time. And now as we continue to expand and innovate, Z-Tech India Limited remains committed to transforming landscapes and advancing sustainable practices for a better tomorrow. I would like to thank you all for taking the time out and attending this call.

I am also thankful to each member of Z-Tech family, as well as our clients, creditors, banks, financial institutions and all the stakeholders. For any further queries or information, please get in touch with our investor relations team. Thank you so much and have a great day.

Moderator: Thank you, ma'am. On behalf of Z-Tech India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.