

# KRYSTAL INTEGRATED SERVICES LIMITED

(FORMERLY KNOWN AS KRYSTAL INTEGRATED SERVICES PRIVATE LIMITED)



October 29, 2024

KISL/CS/SE/113/2024-25

The Department of Corporate Services <b>BSE Limited</b> General Manager Department of Corporate Services Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Scrip Code: 544149	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Scrip Symbol: KRYSTAL
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Dear Sir/Madam,

## **Sub: Results Earnings Call Q2 FY25 - Transcript**

In continuation to our letters dated October 18, 2024 and October 24, 2024, we would like to inform that the transcript of the Conference Call held on Thursday, October 24, 2024, for the Un-Audited Financial Results of the Company for the quarter and half year ended September 30, 2024, has been made available on the Company's website at [Krystal-Integrated Q2-FY25-Earnings-Call-Transcript.pdf](#).

This is for your information and records.

Thanking You,

For **Krystal Integrated Services Limited**  
(Previously known as **Krystal Integrated Services Private Limited**)

**Stuti Maru**  
Company Secretary & Compliance Officer  
Membership Number: A45257



“Krystal Integrated Services Limited Q2 Earnings  
Conference Call”

**October 24, 2024**



**MANAGEMENT: MR. SANJAY SURYAKANT DIGHE -- CHIEF EXECUTIVE  
OFFICER AND WHOLE-TIME DIRECTOR – KRYSTAL  
INTEGRATED SERVICES LIMITED  
MR. BARUN DEY – CHIEF FINANCIAL OFFICER,  
KRYSTAL INTEGRATED SERVICES LIMITED**



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**Moderator:** Ladies and gentlemen, good day, and welcome to Krystal Integrated Services Limited Q2 and H1 FY25 Earnings Conference Call.

This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*”, then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjay Dighe – Chief Executive Officer and Whole-Time Director of the Company. Thank you, and over to you, sir.

**Sanjay Dighe:** Thank you so much, Dev. Thanks for this opportunity and good morning, everybody. Thank you for taking the effort to join on this call and give me an opportunity to address you. I would like to wish all of you a very warm welcome to this Earnings Conference Call for the 2nd Quarter and half year ended September 30, 2024. I would like to begin by expressing my gratitude to all of you for taking time out, to Mr. Barun Dey, who is with me here, our Chief Financial Officer, and Adfactors, our Investor Relations team and our moderator agency. It gives me a great pleasure to address you today.

Brief background about the Company is what I want to begin with. Krystal Integrated Services began its journey 2 decades ago in the year 2000. And from a single security service provider, it is today one of the fastest growing integrated facilities management companies in India. We started by catering to real estate sites, grew from there.

As the real estate expanded in Mumbai at that time, the requirement for specialized services were more and more predominant and therefore, we started off by providing housekeeping, then mechanized housekeeping, and then today you see a complete range. So, at the moment that I am talking to you, I am very happy to tell you that today, as I speak, we have offices in 28 cities. We service more than 350 customers. We service more than 2,780 sites. And we have over 43,000 employees who are our brand ambassadors, spread all over India.

So, from a single service provider to a fastest growing facilities management company of our country, it gives me a lot of pride to tell you we have reached here through our IPO and this call is happening is absolutely thanks to my valued investors who have showed their trust and belief in us.



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Our entire revenue is spread across 4 sectors which is there:

One is integrated facilities management encompasses housekeeping, sanitization, gardening, MEP, which is mechanical, electrical, plumbing services, waste management, pest control, façade cleaning and so on and so forth. So, our forte is to bundle these services and offer a single window solution. Our forte is to also customize services. We firmly believe customer is the king and therefore, our speciality is to sit with the customer, understand what his requirements are, and to customize services which cater to his requirements.

Our second portfolio in our revenue is our security and manned guarding. We started off with the security services. So, obviously, the services have built up and that is one of our very, very good skill sets. We have a great team there. So, that is our second portfolio. The third which has emerged very prominently over the last 2 years is our staffing solutions and payroll management. This is also a good portfolio that we have. And there are a lot of requirements which come from the customer where they don't require services, but they require us to manage their payroll. So, they require our assistance in staffing them for various reasons, and that is also very prominent portfolio.

And the third one is the catering services. So, we have a centralized kitchen in Kalina, and we service a couple of good corporate customers for their breakfast, lunch, round-the-clock meal requirements, boardroom lunches, so on and so forth. So, today, these range of services, we cater to almost all the major industries spanning healthcare, education, airports, railways, metro infrastructure, public infrastructure, restaurants, hotels, retail chains, entertainment and media companies. So, we are present in almost all verticals through either a standalone service or bundled service as I explained to you. Our diverse clientele is spread across government organizations as well as corporates. And we have two very distinct teams which manage this. So, we have a presence, and we are very mindful that we have a good presence and a growing business in both these sectors. I can proudly say that the brand value is backed by the most valuable asset, which is our workforce, feet on street. They are our brand ambassadors, as I told you.

Our quality and consistency of service delivery has won the trust and faith of our clients. So, very happy to tell you that some of our biggest customers are with us since last 20 years, 18 years, 19 years. And if you see our corporate business and if you apply an 80/20 kind of a rule, 80% revenue coming from 20% customers, almost from that the top 3-4 are with us for over 15 years. So, that speaks a lot about our service standards and the relationships and the value that we build along with our customer.

Now coming to some key points in the recent developments. The past 6 months have been very eventful and rewarding for us. We crossed several key milestones and are looking ahead at



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several major initiatives to drive future growth. In terms of business, which you will be more interested to listen to, we have continued to win new contracts across our domains of business, thereby expanding our portfolio of clients and our order book, both in the government as well as the private sector. For instance, we won a work order from the Directorate of Medical Education and Research, Maharashtra for providing facility management services. This contract is for 3 years and has a cumulative value of approximately Rs. 167 crores and covers multiple medical colleges and hospitals across the state.

We also secured a work order from the same organization to provide staffing and payroll management services for skilled, semi-skilled and unskilled personnel at multiple medical institutions. The cumulative contract value of this is approximately Rs. 134.67 crores and the contract duration is for 5 years. Furthermore, we won a contract from BRFL Textiles Limited to provide facility attendant services at their premises in Tarapur. This contract is for 1 year and valued at Rs. 1.16 crores. We also secured a contract extension from the Directorate of Medical Education and Research, Chennai, for housekeeping and security services in the Government medical institutions under the control of the Directorate till December.

So, 2 things very clearly emerge here. It is not only large businesses which lure us, but we are very, very mindful about acquiring smaller businesses also because in totality, we will have a good presence in the market. We are very delighted to convey the business acquisition of the prestigious Nicomac Taikisha Clean Rooms Pvt. Ltd. They are based in Hyderabad. We have been selected as their vendors for their staffing service provider and we are expected to over a period of time deploy 400 staff at their plants in Hyderabad. So, these contracts leverage our broad range of services, our ability to integrate multiple services and offer a single window customized solution as I mentioned at the beginning of my address.

Waste management is a global challenge as the generation of waste would only increase every year. We aspire to venture into this space, keeping in mind the future requirements, and we are very happy to convey to you that we acquired the waste management contract from Thane Municipal Corporation. This is a collection and disposal of waste contract worth Rs. 71 crores. Again, the value is not so important, but the contract is applicable till June 2026, and what is important that the contract helps us build our prequalification for future such contracts. We expect there will be larger contracts across other municipal corporations also, which will come. And by servicing such contracts, we naturally qualify to bid for all municipal corporations across the country for such works.

Going forward, the important aspect of our strategy is to harness innovation, science and technology, and develop new services in our portfolio. In September 2024, we entered into a MOU cum collaboration agreement with the esteemed Vishnu Prasad Research Center, VPRC. They are based in Chennai, Tamil Nadu. This agreement aims to establish a collaborative



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relationship for the identification, marketing and commercialization of VPRC's solid waste management technologies and inventions. So, the idea behind doing this, friends is to very clearly convey to you that only waste collection and disposal was not our agenda, but that was our first step forward. Everybody knows that there is a big scope there. So, we are very, very keen to bring in science, innovation and technology in this domain as well. So, that not only we bag similar contracts, but if we are able to add value to the various municipal corporations and generate larger volumes of business for us, it will be better for both our Company, the investors and the society at large. So, that is the entire focus. VPRC has extensive research and several patents in bio-degeneration and solid waste management. Overall, the research center has about 69 patents. The organization specializes in bio enzymes, which breakdown biodegradable waste. This patented technology gives them a competitive edge in solid waste management. Our agreement shall allow us to jointly utilize this technology in various industries. We will be working with VPRC to market and commercialize this technology. This would enable us to add value and forward integrate our services in waste management. The service is expected to be a high margin offering within our bouquet of services.

As mentioned, we foresee technology to play an important part in our future growth strategy, both for business growth as well as boosting efficiencies. In line with this vision, we have established a new vertical and rather there was this service which was already present, which is MEP O&M. We have taken a very firm step to strengthen this and we want to have a fifth portfolio in our business revenue, which will be namely the technical facilities management.

So, everything that we do with the latest innovations, the technology, new engineering, science, will all be a part of this new portfolio. So, right now, we were all witnessing our growth in portfolios, which was IFMS, staffing, payroll, security services and the catering, and now technical facilities management, all of you can expect this to emerge as our fifth portfolio to offer. Technical facility management shall leverage our interest in technology with services involving robotics and the applicability of AI. We believe this will help achieve higher quality standards, better operational efficiencies and thereby enhancing profitability.

So, overall, our aim is to be the partner of choice for business and this has always been our aim and establishments for the entire gamut of end-to-end facilities management across the nation. And that's the reason that we have now presence in our 28 cities. Very recently just last month, we started our new establishment, new good offices in Gurgaon and Bengaluru. While doing so, our focus always shall remain on delivering sustainable value to our stakeholders. We will always remain committed to deliver valuable services to our customers and we always will look forward to your support as we go, as our value is built.

I now request my colleague and CFO – Barun, to take his address forward.



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**Barun Dey:**

Good morning, everybody. Now first, I will discuss Q2 FY25.

So, we reported Rs. 266.16 crores in revenue during Q2 FY25 with 13.49% year-on-year rise. Growth was primarily driven by several new contracts won during the period, coupled with an increase in our average billing per contract. Our EBITDA excluding other income from the quarter stands at Rs. 17.01 crores, growing at 2.34% year-on-year. EBITDA margin is 6.39%. Investment made towards strengthening our workforce as well as marketing expenses, has a bearing on the margin.

Our PAT during this quarter is Rs. 15.10 crores as against Rs. 11.85 crores in the 2nd Quarter of FY24. The PAT margin stood at 5.67%. Earnings per share for this quarter is Rs. 10.83.

Now coming to our H1 FY25 numbers. Our revenue for H1 FY25 came at Rs. 523.31 crores in revenue, that is 15.88% year-on-year rise. New order wins and higher average billing helped to boost the top line. Our EBITDA excluding other income for the half year stood at Rs. 33.26 crores, up by 7.42% year-on-year. EBITDA margin is 6.36%. As mentioned for the quarter, investment towards our workforce and marketing initiative dented margin temporarily. We continue to make strategic initiatives to improve operational efficiencies such as investment in technology, robotics to curtail cost. Our PAT during the period is Rs. 30.30 crores as against Rs. 20.56 crores in H1 FY24. PAT margin stood 5.79%, up by 124 bps. Earnings per share for the period is Rs. 21.69.

This is all from our side. We can now open the floor for question.

**Moderator:**

Thank you. We will now begin the question and answer session. The first question is from the line of Kunal Sharma from SP Capital. Please go ahead.

**Kunal Sharma:**

So, sir, wanted to ask on the current quarter. Don't you think we had a muted quarter during this FY25 and considering the growth and the margin also has been dented during the quarter as well. So, can you please throw some particular light on the overall macro, what we have been faced and what was the outlook for considering the margin and the growth as well for the FY25 as well?

**Sanjay Dighe:**

Kunal, thank you for opening up today's call. Happy to address the question. And we are into the services business and it is cyclical year-on-year business and quarterly performance is reported, but the business keeps on growing. And every quarter there is something, the work over acquisition of new business keeps on happening because we have sales teams, which are working all over the country. So, one quarter number would not reflect the way that our entire year is going to go back because there is a lot of work which keeps on happening at the background, which is not possible to convey to all of you.



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So, what has been done maybe last year or year before that, the results will come in Q3 or Q4. So, therefore, it is all the work that keeps on happening in the background and the business acquisition and work orders will be acquired over the period of time. So, we are very, very well poised to close this financial year also in line with what we have been discussing or communicating to the market throughout the IPO. We have in the past also grown at a CAGR of 23% and for the last 3 years. And if you say 6-7 years in the past, we have grown at a CAGR of 29%. So, during my last call also I have mentioned that we will continue to grow at an annual speed of 25% year-on-year and we will maintain that. We have all the work line up to maintain that even by the turnover that we have done at the end of this quarter, we are anyway in line with those numbers. So, I think it is good towards the second and the last quarter where you will see us coming absolutely on target in terms of our performance.

**Kunal Sharma:**

And what about the margin front?

**Sanjay Dighe:**

Kunal, in this sector, we have been the best performing Company in terms of margins. So, anyway, we beat the benchmark, but that is not enough. We aspire to give a better margin and we have plans to give better margin in terms of our strategies, in terms of our procedures, in terms of our service delivery mechanism, in terms of our operational efficiencies. So, our PAT margin always has been in the range of say, 4.5% to 5.5%. Our EBITDA margin always has been in the range of 6.5% to 7.5%, which is anyway better. But we are not stopping at that and we are not complacent, and therefore, we have plans to even better it, but it is not right for me to say that. But believe me, we will continue to give the returns as per the trend that Krystal Integrated has set. But aspirationally if you ask me as a CEO, we will try to beat our past margins and give a good result.

**Kunal Sharma:**

On the other side that we have a new vertical, which is a technical facility management. So, are we focusing on the Government or the private client only or it's a mix that we are focusing?

**Sanjay Dighe:**

So, Kunal, it will be a mix. See, we have maintained the mix only all the time. We have independent teams handling these. So, the focus is very, very distinct. It is independent focus because business acquisition and service delivery also requires very specialized thing. So, this is all over, the entire country is open for us. And trust me, there is a huge potential in this.

**Kunal Sharma:**

And what kind of growth, sir, are we expecting for this particular vertical?

**Sanjay Dighe:**

We always had services which is a part of this vertical in our bundled services of IFMS. But now, rather only bundling these services, I am just offering them as standalone also and giving it a very specialized thing. So, this year, we will see how the growth is. I am already on the verge of signing up some agreements now which I am not supposed to be saying there, but these are good businesses, very different kind of skilled manpower required and also the ability to give a





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better margin. So, maybe we will have to just wait for me to actually disclose what is happening. But there is a lot of action happening on that side.

**Kunal Sharma:** And just the last question on the catering business. Can you please throw some like how has the business performed, particularly this vertical now and how this particular vertical has shaped up during the year as well? Because it's a higher margin business that we are considering and in the revenue mix also we are quietly focusing on that particular part.

**Sanjay Dighe:** If you say last year, it constituted about 2.82% of our revenue. This year it is constituting about 5.01%. So, there is a distinct focus and now the corporates, they used to earlier also outsource catering. But we have a good team of chefs, we have a good delivery mechanism and we have a different palette menu that gets curated on a daily basis, and centralized kitchen is located at a very, very geographically good location at Kalina. So, you know the BKC and all the other, even the western side, so our reach is there. So, we have hired some very good people in this in terms of chef and kitchen staff, and we aspire to build it. As you said, yes, the margins are very good. We are not only sticking in to grow the lunch menu or something. And we are trying to give even boardroom lunches. There are so many things happening in the Company, so there are customized menus. So, there is a good focus this year also. And also, there are good businesses in government also which this Company does. So, here also both the domains are open for us to perform.

**Kunal Sharma:** And last if may I. Can you please just tell a ballpark number of what's the receivable days and the working capital days for the current quarter? That's it from my side.

**Sanjay Dighe:** The working capital days are about 73 days for the current capital. Earlier it was 77, 69 and now we've come down to 73, which is a very good working capital zone to play and given our portfolio composition of government and corporate.

**Moderator:** The next question is from the line of Niteen Dharmawat from Aurum Capital. Please go ahead.

**Niteen Dharmawat:** Sir, I have just one question. This Krystal brand and logo are owned by one of the promoters of the Company and of course, these are granted on a non-exclusive royalty fee license to you until September 2031. But why this arrangement has been done. Does it pose any risk to the Company, especially since it is a non-exclusive kind of an arrangement?

**Sanjay Dighe:** So, can you just repeat it? Your voice is echoing, so I am not able to hear it. Can you just repeat your question?

**Moderator:** Sorry to interrupt, sir. Mr. Niteen has got disconnected. We will move to the next question. The next question is from the line of Pranav Shrimal from PINC Wealth Advisory. Please go ahead.



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**Pranav Shrimal:** Sir, I just wanted to get the sales mix. Have you uploaded Investor Presentation, sir, in case I've missed it or have you not uploaded for this quarter?

**Sanjay Dighe:** I think I want to talk to the moderator, these voices are a little echoing. Pranav, can you just repeat the question?

**Pranav Shrimal:** Sir, can I get the sales mix for this quarter?

**Sanjay Dighe:** Sales mix for this quarter, okay. HY 25, government we have 74.54% in HY 25. The rest is the corporate.

**Pranav Shrimal:** And in terms of industry?

**Sanjay Dighe:** In terms of our portfolio?

**Pranav Shrimal:** Yes, sir.

**Sanjay Dighe:** Yes. IFMS is about in terms of percentage, one second, I will give you. IFMS comprises about 49.65%, our staffing and payroll management comprises about 33.23%, our security services comprises of 12.11% and our catering is 5.01%. So, that is how the portfolio composition is.

**Pranav Shrimal:** And sir, there was some mention that you have recently tied up with institute in South for a new waste management technology. Can you throw some light on it, sir, what exactly are we doing there and what are all the service we will be offering after the R&D is complete?

**Sanjay Dighe:** So, Pranav, good question. I was hoping somebody asked me in the early stages because see, anyway, the problem of waste management, we know. We know how we even deal with the waste in our own homes. And so just if you take it from your home to a society and to a municipality, you can see the scale of the waste, the garbage, which is there. And then if you just also try to expand it to hotels and all the commercial establishment, you can see the magnitude of it. So, currently what we were doing is in the contract where that we got through the Thane Municipal Corporation is purely collection of waste and disposal in the predefined disposal area.

Now that is also one line of business where we just wanted to take it forward. And we were working on how can we offer a solution to dispose of the waste which is being collected there by various corporations. And VPRC has a patented technology of bio-enzymes, which when used on the waste, within a particular number of days, it takes care of the waste. The enzymes just eat that up. And so, there is a very smaller residue, which is there. So, we thought if we are able to take this solution to the municipal corporations, then we will have an enhanced product



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to offer, I mean we could do a waste collection and disposable, at the same time treatment. So, in that context, we have got this MOU done with the VPRC, and the R&D is over, it is patented. Our presentations are also done continuously to various municipal corporations and it is just a matter of time when we will be able to get some work in this area. So, we are absolutely good to go Pranav. I mean, the R&D and everything is over.

**Pranav Shrimal:**

And I had a little thought I had, sir. For the waste management services, do we offer waste management services when we say, it is only in big, large scale projects like in terms of hospitals or the places that we are present right now that waste management is a part of the service that we offer and this is completely separate from, for example, let's say, collecting the waste of a building. Is that included in the IMS services or is it a separate service only?

**Sanjay Dighe:**

So, again, this is also a good question this. We are going to be dealing with waste management across the, what should I say, whether it is municipal corporations, it could be a large project or it could be standalone projects, whether there is a municipal corporation or a big township, this product is required everywhere, and you don't need to go ahead and sell this. This problem is there. So, it is only how you penetrate properly and what is it that you want to do? That is the question. So, we are just putting our strategies there. But to answer your question in a nutshell, we don't have a mindset of that we will offer it only here or we will restrict in there. We will offer it to every category of probable customer that comes our way because waste is everywhere and it has to be treated. As simple as that.

**Pranav Shrimal:**

And the margin would be similar or I am assuming they must be little higher since it's lot more complex and sustainable project.

**Sanjay Dighe:**

The margins in this particular thing are definitely a little a little higher than traditional services.

**Moderator:**

The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:**

Sir, I wanted to understand, sir, like we have some kind of margin that we are currently operating at around the 6.5%, 7% range, Sir, where do we see our margins going forward over the next 2 to 3 years with these waste management as well as some better margin businesses growing. So, if you could just highlight on that aspect.

**Sanjay Dighe:**

Madhu, good question. The questions on margins keeps on restricting me to go over the board in terms of my communication with you. But like I explained earlier also that anyway, even in services sector with the integrated facilities management and the other 3 verticals, we are outperforming benchmarks. So, anyway, while we went in also public, we had broken all the benchmark. Now obviously, as a CEO or as a business house, the aspiration is to keep on doing



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better and better and it is very natural that we aspire to do much better in the margins. But we maintain that we will perform in this zone. But if you read between the lines, the fact that we are adding technology, we are adding science, we are adding waste management, we are talking about robotics, we are talking about harnessing AI in my speech, all this aim at bettering the margin. They have the ability to better the margin in a much better way, if I have to put that. But for all discussion purposes, I keep on maintaining that we will be in the same zone where PAT will be between 4.5% to 5.5%, EBITDA will be 6.5% to 7.5%. This I will maintain, but you try and understand all these things we are doing and which we are discussing right now have ability to give a far better margin profile.

**Madhur Rathi:** Sir, on the waste management side, there is listed player, Antony Waste, they do around 20% of kind of margins. Can we, sir, expect margin on the similar level as well as higher within the bio enzyme technology waste disposal that we are planning.

**Sanjay Dighe:** This is a good question because you brought in Ramky, they are in a different league altogether. They are huge and you know that. So, their business is structured in a different way. What we are doing is very, very different, but I am happy that you asked this question. There is a gap between what Ramky does and what is there between collection and disposal. We are trying to bridge that gap. And that's the reason we are very, very optimistic that there is a huge work that we can do in this domain. This is exactly the gap that we are trying to bridge.

**Madhur Rathi:** But sir, can we expect a double-digit margin on the segment?

**Sanjay Dighe:** I can't comment, Madhu, right now.

**Madhur Rathi:** Okay, sir. no problem.

**Sanjay Dighe:** I know your excitement. I am equally excited and I feel really nice when you ask me those questions, but I can't convey that to you.

**Madhur Rathi:** Okay, sir. No problem. Sir, just a final few questions. Sir, we understand that the DME Tamil Nadu, there were going to be some contracts that were coming for renewal or repricing. But sir, with facility management, so much competition increasing, sir, can we expect to maintain our margins or do we see some kind of pressure going forward from this?

**Sanjay Dighe:** No, the margins are maintainable. Because at the end of the day, again, even if we are talking about government contracts, the government keeps on uploading contracts on a daily basis, which are in thousands. We are very mindful to which contract that we take. So, generally, we are qualified in for all the larger contracts that come. These larger contracts are very well-designed contracts. They have far-reaching impacts on society at large. And these contracts offer



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you a very, very consistent margin. And that is the reason that we are also very consistent with our margins. So, there is no question of margin being shrunk or so on, so forth. Because we are very choosy about which contract that we get. And there are competitive bids which keep on happening on a daily basis. But with the 24 years of experience that we have with us, our team is very, very conscious as to what contract that we bid for. So, there is no question of margins shrinking here. We will continue to perform the way we have been.

**Madhur Rathi:** So, just 2 final questions. Sir, our cash has reduced from Rs. 88 crores to Rs. 18 crores between the March quarter end closing and as well as this quarter end closing, as well as your loans have increased and mostly these are the related parties, they have increased from Rs. 72 crores to Rs. 94 crores. If you could just explain this, sir.

**Sanjay Dighe:** It is basically the utilization of the IPO funds that were received, which has reflected in the numbers being a little different this time. I think while we talk to you in the next results call, you will find the numbers being very stable at that point of time.

**Madhur Rathi:** And sir, this loan that was provided to related parties, sir, so do we plan on reducing this? Sir, this has kept on increasing as we understand.

**Sanjay Dighe:** These are all short-term and we plan on reducing this.

**Moderator:** The next question is from the line of Naman Shah from Monarch Networth Capital. Please go ahead.

**Naman Shah:** Sir, my first question would be, sir, because of a network issue, I couldn't hear the services sales mix. Could you please give me the services sales mix, like how much would be IFMS and how much would be staffing and catering?

**Sanjay Dighe:** I will just give you. Your voice is also not coming very properly, but if I am audible to you, our sales mix is as follows. IFMS is 49.65%, staffing solutions and payroll management is 33.23%, our private security manned guarding business is 12.11%, and our catering is 5.01%.

**Naman Shah:** I just wanted to ask the number of employees. Could you give us a list between how many of those are IFMS employees, how many of those are staff, how many are catering?

**Sanjay Dighe:** In IFMS, we have around 23,000 employees. In staffing and payroll management, about 12,000 employees, 12,139. In security and manned guarding, 5,800 odd. And in catering services, because these are only our staff, so it is 132.



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**Naman Shah:** And, sir, if I could get an employee kind of cost. So, we understand that a lot of these services are bundled, right? So, in these contracts, let's say, typically a Rs. 100 crore contract, for example, is a bundle of IFMS and catering. So, in terms of contract, what would be a per employee kind of cost, if I could get that?

**Sanjay Dighe:** So, Naman, your question is good. But it is very difficult to define that because it depends on so many parameters, like what is the customer site, it starts from there. I mean, whether it is commercial, hospital, whatever. Then based on the survey, how many people are required, man, machine, material, other equipment, and then there is a combination. So, in these comprehensive contracts, it is very difficult to give ballpark figures like that because it is combination of many, many, many things, about 7, 8 different, different services being bundled together and the various SLAs which are there. So, it is very difficult to give you that number, Naman.

**Naman Shah:** So, sir, I was asking about segment wise employee cost. IFMS has 23,000, right? Our employee benefit expenses are, Rs. 100 crores, for example.

**Sanjay Dighe:** So, I will give you something, again, I will tell you something. Basically, so because of these contracts and we are fully compliant, to simplify this answer, I will tell you, the government has stipulated wages. These are state wages and these are central wages. So, if you go on the government website, they keep on changing on a six-monthly basis. So, any website, you will get the ballpark figure of the salary. And after that is how we bundle it and what we know on that. So, I think that should answer your question primarily, because the government portals of the labor department will give you that. So, the benchmark rate will be that, and after that, the bundled services and all those things will be triggering. So, in case you want to do some kind of calculations, then you will be able to get some kind of guidance from these rates. You can refer to the state rate and the central rate.

**Naman Shah:** One last question from my side. Throw some light on any updated tenders or orders that is to receive?

**Sanjay Dighe:** This is typically a forward-looking, then I can't make a statement like that. But again one thing that I am reiterating, and I take this opportunity to explain, maybe everybody can listen to this also. We are 24 years in this business. Our entry into the government sector started in the year 2003 or 2004. And our team is working on various government tenders since 2003 and 2004. So, now you can understand that why we are so good in this business, because it is cyclical. Even new tenders are being explored, it has been worked on, and now we are doing this exercise, our tender team is doing this exercise on a pan-India basis. So, every day, while I am speaking to you, there must be about half a dozen tenders which are under evaluation, which are under, what do you say, survey, which are under approvals of different authorities. And these are typically 3-year plus 1-year, 4-year plus 1-year tender. So, it is a cyclical thing. And therefore,



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this just doesn't stop. It will just keep on growing and growing and growing year after year. And today, after 24 years, while I am talking to you, we are in a situation that we to have meetings actually to refuse this, the work than taking work. It is very easy. But if we have to be very consistent and emerge very, very strong in this domain, then it is very important to have this process and evaluation of tenders on a day-to-day basis. So, we are just going to grow, I mean, to answer your question in a very good way that we have already been growing. And every week, every day, something happens in this domain.

**Naman Shah:** Just one last question before I disconnect. So, I just wanted some clarity on 2 or 3 contracts. So, previously, we have associated Mumbai Metro, this and Yellow Line. So, have you been able to win the contract for Aqua or is the tender out or what is the scenario?

**Sanjay Dighe:** This is also a good question. We are already servicing these contracts. As the new lines are opening, currently, they are all under the project management purview. And they are working on various paperwork and documentations to get the tenders designed. And once they are ready with that, then they will upload these tenders and that will give us the opportunity to bid for them. But we will bid for all the tenders across the country.

**Moderator:** The next question is from the line of Nikhil Shetty from Nuvama Wealth Management. Please go ahead.

**Nikhil Shetty:** So, my question is on the order book. So, if you can help us to understand what is the total order book currently we have, I mean, in terms of orders we received and if you can help us to understand how much amount of orders we have bid for this year?

**Sanjay Dighe:** Good question, Nikhil. Thank you for being here. We have closed the half year at Rs. 566 crores. So, we are very close to our order book position for the last year. And now for the new year with these two tenders also, the ones that we have disclosed, which we have added, we are good to go with our targeted numbers for this financial year ending 2025. Also, in corporate side, there are new agreements which are already under the process of being vetted by the customer. And it is just a matter of deploying. So, those numbers will also reflect in our next month calculations. So, in terms of government size also and in terms of our corporate also, we are absolutely good to go in line with our target revenue numbers.

**Nikhil Shetty:** And sir, if I understood correctly, this first half our IFMS contribution was lower, I mean, primarily maybe because of the seasonality as you mentioned earlier. So, with this DME Maharashtra contract getting in, can we expect H2 margins can move over 7%?

**Sanjay Dighe:** We are expecting to enhance our margins again. But we, as I am saying, we are anyway better than the benchmark. And with these contracts and also with whatever happening, we aspire to



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better only in these margins. Only thing, number wise, I am not supposed to disclose. But the kind of work orders we have bagged, the kind of work orders that we are having in our kitty, we definitely aspire to enhance the margins and give better returns at this financial year-end.

**Moderator:** The next question is from the line of Hena Vora from DAM Capital. Please go ahead.

**Hena Vora:** I have 2 questions. The first one is just a continuance from the last participant about the order book size or the contract size. You mentioned the number Rs. 566 crores. That would be till H1 or is that from last year and then 2 new contracts in this year?

**Sanjay Dighe:** No, it is cyclical. It is not from last year. We have added new business also and there is new business which is getting added also. So, every month, it keeps on getting added, Hena.

**Hena Vora:** So, this R.s 566 crores is in March of 2024, and again over the H1, we have already added a few contracts, correct?

**Sanjay Dighe:** Yes. And now also because our efforts of adding new business in the corporate side and in the government side is continuous, so it just doesn't stop. So, it keeps on going. Also, there are many a times the renewals and everything happens in the last quarter also. So, last quarter also, we tend to get a very, very good order book.

**Hena Vora:** But sir, from the H1, how much we have added new contract, ballpark number?

**Sanjay Dighe:** In H1?

**Hena Vora:** Yes, in H1, until now, basically.

**Sanjay Dighe:** So, in the number of contracts, H1, we have grown by 15.88%, 15.88% of revenue, that's what we have added in the H1.

**Hena Vora:** I was just asking for the contract, basically, because the entire will not come, right?

**Sanjay Dighe:** Because why I am saying 15.88%, because there will be the multiple contracts, all in different books. So, just telling that, you can email and you can have it because the contracts are there. So, I think it will be difficult for me to read it out just now. But if you are still keen, you can always email and we will give you the data.

**Hena Vora:** I will do that, sir.

**Sanjay Dighe:** And mostly, most of them may be available also.





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**Hena Vora:** And just a second question will be on the waste management, the new venture that we are doing, right? I am new to the Company; can you just help me understand what we were already doing and what will be this new service that we will be providing?

**Sanjay Dighe:** So, good question. And what currently we are doing is collection and disposal for the Thane Municipal Corporation, which is also a very good contract. And to give you a little more detail, so these kind of contracts are required and outsourced. So, every municipal corporation has to manage waste. So, to manage waste, they have to outsource certain activities. This is a very basic activity which a municipal corporation has to outsource. So, just to give you and everybody who is listening a sense of the magnitude of this activity, so it is just a Rs. 71 crore kind of a tender. But because of we acquiring this tender and doing this activity, we are accumulating a lot of experience. And we also are now pre-qualified to bid for all the other municipal corporations. So, you imagine about 28 states and 8, 9 union territories, the number of municipal corporations which are there. So, Krystal is now geared up to bid for all municipal corporations. So, even a one small work and one small contract tender for Krystal, the benefit is very far-fetched in year-on-year. Because that is where when I answer all your very good questions, I answer them very confidently in terms of even margins or revenue or so on and so forth. Because even if you apply normal logic, you will see the magnitude of such contracts.

So, coming back to your question, what we are doing is we are doing something which is collection and disposal. Now, we do not want to just stop at that. We want to add value to the municipalities by offering something which reduces their burden of reducing the accumulated waste, what is called as legacy waste. You will see there are dump-yards where a lot of waste is there. So, if we can offer them a solution to reduce that waste and create a much healthier environment, why not? And therefore, we have this MOU with VPRC, who have patented technology in bio-enzymes which take care of this problem. So, therefore, we are very excited about this. It is very natural that we will upgrade ourselves from only collection and disposal to something which is a more solution-oriented to the municipal corporation. So, that is my entire philosophy behind signing up this agreement with VPRC.

**Hena Vora:** This is very helpful. Just another thing, sir. You seem to be pre-qualified now, right, for bidding across states for municipal corporations. Is anything coming up for renewal? Anything you would know anywhere you would already be bidding?

**Sanjay Dighe:** That is also a very intelligent question. We have our tender team which works on this on a daily basis. So, obviously, there are tenders mapped and there are offer dates and renewal dates which are mapped. I like this question because there could be some tenders which are awarded 3 years back and they could be coming in for renewal. So, we have that MIS with us and that is how the tender team keeps on working. And that is how this business is cyclical. It will never ever stop in life until somebody decides to stop it, and we will just keep on growing at an awesome pace,



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and we will just keep on building our margin profile. I mean, if somebody understands that, then so many questions, people will just stop asking me because it is the beauty of our business. We will just keep on growing and growing.

**Hena Vora:** Correct. Sir, anything in the pipeline in the near term, maybe like a couple of states, something that we are already bidding for, just a rough run.

**Sanjay Dighe:** There is lots which is happening. Only thing I am not supposed to be telling you. But trust me, there is a huge activity happening on the back end.

**Moderator:** The next question is from the line of Aditya Shah from Meteor Wealth Management. Please go ahead.

**Aditya Shah:** You have two segments, right? One is the soft service and the hard services. Sir, can you just shed some light on that and what kind of revenue we generate annually from it?

**Sanjay Dighe:** So, it is like soft services, hard services, the way they are there. The soft is a softer kind of housekeeping, which is maybe cleaning of your washrooms, cleaning of your office areas, cleaning of the desk areas where you sit and work, cleaning the pantry areas. Maybe when you go to office and if you are even sitting here doing this call and you ask somebody to bring some green tea for you. So, those are those pantry services. Currently, also, there are many services where large companies offer is their entire inventory and vendor management.

**Aditya Shah:** Sorry, just about the hard services part and the revenue generated to them, just that was the main thing, sir.

**Sanjay Dighe:** Hard services, the revenue for the hard services, the revenue generation has the scope to have a better revenue because these have technicalities in that. So, there is mechanical, electrical plumbing, there is HVAC. If there is carpet shampooing, that there are equipment which are required. So, the revenue from the hard services would be a little better. Even the margin in hard services will be a little better than soft services.

**Aditya Shah:** And annually or half-yearly, I don't know, but how do you see the increase in this particular service?

**Sanjay Dighe:** It is our sales process. So, we have targeted sales process where we pitch for both these services, hard services, soft services, again, the kind of prospective customer through the pipeline that we are dealing. So, in manufacturing segment now, we have two manufacturing, two SEZ offices, for example. And we are going in a big way with this Make in India Industrial Corridor, two offices we have opened. And we are servicing to all manufacturing units, pharma units. There



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the entire push is on hard services. So, our revenue also will have a good growth there and our margins will also have a good growth. Cut to that industrial zone to a city. City may have a requirement of soft services which are a little more, but a new upgraded infrastructure which will have hard services also required. So, it is all mix and match. I will not be able to exactly pinpoint as to how much is this and how much is that, because there are so many things that we bundle and offer in IFMS also.

**Aditya Shah:** Fair enough. But just if you can give a ballpark percentage, for example, like the hard service quarter increased by 10%, 15% or 5%. I mean, percentage wise will also do.

**Sanjay Dighe:** To be very honest, Aditya, I understand your interest in that, but we have not had this bifurcation at the moment. But again, having said that, your questions are very interesting. You can just email to us and we can tell you. But I think because currently also, we are having IFMS as bundle services, which is more, it will be very difficult to derive only this number out of it. But like I told you, we are putting all these hard services in our one vertical, which is technical facility management. Maybe if you ask me this question 6 months forward or say in the next 1 year, I will be able to give you a precise answer because this will be captured in a very specific way. But question is very interesting.

**Aditya Shah:** And one last question. Sir, I believe you are pan India present, right?

**Sanjay Dighe:** Yes

**Aditya Shah:** But in your presentation, you have only 1 training center in, I think, in Navi Mumbai. So, sir, then for a skilled service, how do you provide training to all North India, South India, even though they cater to specific businesses and specific verticals? And how do you provide this training? Do you outsource or do you have an in-house training with specific things or how does it go about?

**Sanjay Dighe:** Aditya, brilliant question. I was hoping somebody asked me about training because that is also close to my heart. What has happened in Mumbai is we have set up a model and which is replicable. So, we need not have now training centers across 28 cities or 28 or whatever states that we have. We have a model. We have Colonel Tushar Joshi, who is a retired NSG commando. And we have Rajiv Ranjan, who is a retired NDA officer, who is managing recruitment. So, all these are replicable and we are replicating this across the country. And it is a very simple model, where we identify schools and colleges with grounds and we tie up with their classrooms. And we have our regular classes there. And we have our ongoing physical fitness and classroom training at these locations. And there is a consistent training happening at the customer's place. So, training we believe is a consistent process. You can't have it at your whims and fancy. So, we have one model in Vashi and we have a replica of that model across the country, wherein in



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Vashi, the only difference is the space is permanent. Across the country, the space is flexible. Wherever we find a location is suitable for us, we will just go and tie up with that establishment and use that location for a year.

**Moderator:** The next question is from the line of Aadesh Gosalia from Spark Capital. Please go ahead.

**Aadesh Gosalia:** Sir, my first question is with regards to the margin profile. Can you just give a bit of light on how is the margin between the private contracts and the government contracts that we get?

**Sanjay Dighe:** I will give you the margin profile. And I will give you additional information also on margin profile. Generally, in government sector, the margin profile is a little better because these are all bundled services. In corporate, the requirement of bundling of services is a little less. The standalone services are a little more in requirement. So, the corporate has a slightly lower margin profile. So, that is in terms of the profile that we have. And over in our other four vertical also, in IFMS, the best is in IFMS, the second is in the staffing, the third is in the security and manned guarding and fourth is in the catering.

**Aadesh Gosalia:** And sir, just last one question on the catering side. You have a center in Kalina?

**Sanjay Dighe:** Yes.

**Aadesh Gosalia:** And it is mentioned that you are serving around 218 locations. So, can you just explain a bit like how does this work, central kitchen?

**Sanjay Dighe:** That is a good observation because in that catering also, we are servicing corporate and government customers. So, we have a contract happening with the government for social welfare and justice. So, there we are servicing them across their hostels and other government establishments all around Maharashtra. The number of units that you see is more than 200. While our corporate customers, we are based in Mumbai, are serviced through our Kalina kitchen. So, in this catering, there are both kinds of things. One is the servicing which is done from a central kitchen and one, the servicing is done where we manage the kitchens also of different, different establishments. So, there could be a hospital who already has a kitchen and we are managing that kitchen and we are servicing there. So, therefore, you see, though the kitchen is central, the locations are multiple, but very good observation.

**Aadesh Gosalia:** And sir, right now, this is like the central kitchen is only servicing in Maharashtra, right?

**Sanjay Dighe:** No, only in Mumbai.



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**Aadesh Gosalia:** Any plans like expanding this particular segment as we have seen some good revenue contribution coming in from catering?

**Sanjay Dighe:** We have a lot of requirements which are coming from Baroda and which are coming from Bangalore with all this monsoon thing and all that happening also with the industrial corridor in Hyderabad and Chennai. It is on the drawing board. Once we formalize something, then we will definitely come back.

**Aadesh Gosalia:** And sir, one last thing, about when we are talking about like we have pretty well explained the bidding process with regards to the government contract, but what about the private contract? Like how does the process flow with regards to acquisition of a private client or let's say any other corporate?

**Sanjay Dighe:** That is also a good question. In private contract, generally, it used to be one year, but I am very happy to tell everybody who is listening now, currently in corporate also there are 2 years and 3-year renewable because the corporates also do not want to go through the process of evaluation on an annual basis. So, it is also very good news that most of the corporates are now renewing contracts only after 2 years or 3 years. And the good news to tell everybody is last year's financial year also as we closed '24 March, we have 100% renewal. So, our serviceability with our corporate clients and our relationships and the kind of value-add that we have been doing, we were able to renew 100% of our contracts. We have not lost even a single contract. And now this year we will be adding more, so you can see the effect.

**Aadesh Gosalia:** And sir, right now, if I am not wrong, our sales mix stands at 75% government and the rest is corporate, right?

**Sanjay Dighe:** Yes.

**Aadesh Gosalia:** So, any plan to change this mix like increasing the corporate portion or something like that or right now the position in which we are is completely fine?

**Sanjay Dighe:** It will be generally in the zone of 70-30 going up and down. We don't want to drastically disturb this ratio because as you said, the margin comes from the government also and we get in government order book pipeline straight of 3 plus 1, 4 plus 1 year. So, once you sign a contract for 5 years, you are assured of your top line and you are assured of a good margin. So, there is no need to disturb that. At the same time, our selling in the corporate is also happening. Corporate, we keep on acquiring very, very good customers across the country, but the quantum of business of government is more in size. Therefore, it keeps on happening in this ratio. But we will keep on maintaining these ratios. They are very healthy ratio. I mean, these ratios are going to take us a long way in life.



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**Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Sanjay Dighe:** Mr. Madhur already asked I think 1 question.

**Moderator:** Yes. Mr. Madhur, your line has been unmuted. The line for Mr. Madhur has been disconnected. As there are no further questions, we have reached the end of our Q&A session. I would now like to hand the conference over to Mr. Sanjay Dighe for closing comments.

**Sanjay Dighe:** Okay. So, I thank you, thank all my friends who have been asking me questions from various firms. These are very interesting questions. I always like to do this earnings call because I am able to share so many things that are happening in our Company with my valuable investors. And it is always great to do this call. And there are some questions which are so studied and very intelligent. So, it also gives me a lot of satisfaction answering them. So, thank you for asking me these questions. And thank you for the moderator team who has moderated this.

And in this particular session, I can't not thank my entire team at Krystal who have put in untiring efforts, hard work across rain, water, floods, winter, and they keep our customer sites up and running. So, hats off to them for their untiring work. I would also like to thank my promoters, my chief mentor for having faith in me to lead this Company, and my fantastic team of senior management who bring in huge management acumen into our daily decision making which helps us be relevant in this sector and which helps us outperform benchmark numbers and come in front of you to take your questions.

So, thank the AdFactors team and all the other participants for asking questions. Thank you so much. Wish you a very early happy Diwali in advance and may this Diwali bring all of you truckloads of happiness, good health, and joy.

Thank you so much.

**Moderator:** Thank you. On behalf of Krystal Integrated Services, that concludes this conference. Thanks for joining us. You may now disconnect your lines.