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To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Security Code : 532928	To, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051 Trading Symbol : TRIL
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Dear Sir/Madam,

Sub: Transcript of Earning Conference Call held on 8th April, 2024

In terms of Regulation 30 and 46 read with Clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we send herewith the Transcript of the Earning Conference Call with analysts and investors held on 8th April, 2024.

Please take the same on your record.

Thanking you,

Yours faithfully,
For Transformers and Rectifiers (India) Limited

Rakesh Kiri
Company Secretary

Encl.: As above

T & R is one of the leading manufacturers of a wide range of transformers globally. Today T & R is second largest Transformer manufacturing company based on Capacity in India. It has capability to develop world class power, distribution, furnace and specialty transformers with world class infrastructure at three plants around the city of Ahmedabad (Gujarat, India). T & R is managed by a highly skilled and experienced team of approximately 1200 employees, who consistently ensure that each and every activity factors in an adherence to high quality benchmarks established by the organisation.

CIN No.: L33121GJ1994PLC022460

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“Transformers and Rectifiers (India) Limited

Q4 FY24 Earnings Conference Call”

April 08, 2024



MANAGEMENT: **MR. JITENDRA MAMTORA – CHAIRMAN –**
MR. SATYEN MAMTORA – MANAGING DIRECTOR –
MR. CHANCHAL RAJORA – CHIEF FINANCIAL OFFICER
AND ADVISOR TO THE BOARD –

MODERATOR: **MR. SUBHADIP MITRA – NUVAMA INSTITUTIONAL
EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Transformers and Rectifiers (India) Limited Q4FY24 Conference Call hosted by Nuvama Wealth Management. 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.

I now hand the conference over to Mr. Subhadip Mitra. Thank you and over to you, sir.

Subhadip Mitra:

Thank you. Good afternoon, friends. On behalf of Nuvama Institutional Equities, welcoming you all to the fourth quarter and Full Year Conference Call of Transformers and Rectifiers (India) Limited.

At the outset, we would like to thank the management for giving us this opportunity to host the call today. We have with us today the top management represented by the Chairman, Mr. Jitendra Mamtora, Managing Director, Mr. Satyen Mamtora, and CFO and Advisor to the Board, Mr. Chanchal Rajora. I would now like to hand over the call to Mr. Satyen Mamtora for his opening comments followed by the Q&A. Over to you, sir.

Satyen Mamtora:

Thank you and good evening, everyone. We welcome you all to the earnings conference call to discuss the company's performance during the quarter and full year. We concluded our board meeting this afternoon and have uploaded the financial results as well as the investor presentation on the stock exchange.

Firstly, I'm happy and proud that our team endeavored to conclude the full year audited results within the first week of the financial year close and I would like to thank their relentless efforts on making this possible and we hope we continue this practice in the forthcoming quarters.

We are happy with our order book position and the various orders that we received during the year across sectors catering to solar power plants, private sector industries, metro projects, railways, power utilities. Other achievements that we got this year is successfully tested the most stringent Dynamic Short Circuit test on multiple transformers of various voltage ratings. With this company has crossed a commendable milestone of successful Dynamic short circuit testing on a record 150 plus transformers in last two decades. Also, the technology for the 765 kV class shunt reactors has been fully absorbed during the year.

The Company received the highest ever order inflow during the year of Rs.2,050 crore including the export orders of 11%.

The unexecuted order book (UOB) as on 31 March 2024 totals to Rs. 2,582 crores; 72% growth v/s FY23 to be executed over the execution cycle of approximately 15 months.

As on 31 March 2024, company has total inquiries of ₹17,000+ crore under negotiation at various stages including overseas inquiries. These includes all segment of business such as renewable and green energy transformers, power transformers, furnace transformers, etc.

To summarize, during financial year 2024, we navigated through the phases of stabilization, turnaround, and growth successfully and we are now taking steps for the next phase of consolidation, expansion, and profitable growth. We have taken several conscious steps and started implementing our growth strategies and the results of these companywide initiatives are starting to be visible in our performance from Q4FY24.

We are entering the financial year 2025 with a growth-oriented mindset to contribute to the Indian Government's vision for developed India by 2047. The major pillars are capacity expansion, being more exports focused, become fully backward integrated, explore avenues for inorganic growth, achieve operational excellence & mobilize resources effectively as well as focus towards systems driven processes in positive direction. The strategy is being backed by our niche in R&D, product development, design customization expertise, manufacturing facility and expertise in manufacturing high precision high voltage class transformer.

With this, I conclude my remarks and would like to handover the call to our CFO Mr. Chanchal Rajora for his comments and financial updates.**Chanchal Rajora:** I hope I am audible to everybody.

Moderator: Yes sir, it's audible.

Chanchal Rajora: Thank you MD sir and good evening everyone. We welcome you and all to our Q4 and annualised post-earning conference call. I shall discuss the standalone financial highlights now.

First, I will elaborate on Q4 results.

- ▶ During Q4FY24, the revenue from operations was at ₹ 500 crore, a 18% growth from ₹ 425 crore in Q4FY23.
- ▶ EBIDTA during the quarter was at ₹ 65 crore, a 112% growth from ₹ 31 crore in the same period previous year.
- ▶ EBIDTA margin was at 12.9%, a sharp 576-bps increase from 7.2% in Q4FY23.
- ▶ PAT during the quarter was at ₹ 36 crore, a 306% growth from ₹ 9 crore in the same period previous year.
- ▶ PAT margin was at 7.2%, a sharp 509-bps increase from 2.1% in Q4FY23

Now I come to the FY24 results.

- ▶ During FY24, the revenue from operations was at ₹ 1,273 crore, a 7% decline from ₹ 1,375 crore in FY23. For FY24, export revenue was at ₹ 139 crore, a 117% increase from ₹ 64 crore from FY23. Export contribution as a % of revenue was at 11%.
- ▶ EBIDTA during the year was at ₹ 129 crore, a 9% increase from ₹ 118 crore in FY23.
- ▶ EBIDTA margin was at 10.0%, a 155-bps increase from 8.5% in FY23.
- ▶ PAT during the year was at ₹ 42 crore, a 12% growth from ₹ 37 crore in FY23.
- ▶ PAT margin was at 3.2%, 55-bps increase from 2.7% in FY23.
- ▶ EPS during the year was at ₹ 3.00.
- ▶ In October 2023, the company successfully raised Rs.120 crore by the way of preferential issue (issuing 1 crore shares) on a private placement basis. This infusion provided medium term capital support to ensure smooth operations.
- ▶ Average monthly collection from customers during H2FY24 was Rs.144 crore which indicates stringent internal controls systems in place.

Despite muted H1FY24, the company has been able to turnaround and close the financial year on a positive note. The improvement during H2FY24 was largely on account of faster execution

of the major orders, better production planning, improved receivables, internal control systems, etc.

Declaring the audited financial results within 8 days from the year closing clearly indicates that the company has started its journey towards being a system driven organization with detailed strategies in place.

With the orders in hand and inquiries under negotiation we expect the growth journey of the company has begun and we expect tremendous improvement in the company's bottom line in the years to come. With this I conclude financial updates and now request the moderator to open the floor for questions and answers session.**Moderator:** Thank you very much. The first question comes from the line of Siddharth Shah from Emkay Ventures. Please go ahead.

Siddharth Shah: Yes, good afternoon, sir. Congratulations on a great set of numbers. We are very pleased to see positive momentum across all parameters. Sir, I have a couple of strategic questions. First, if you can just help us understand the demand outlook across segments and especially for the exports market. And you have Rs. 17,000 crores of enquiries under negotiation. What kind of conversion can we expect this or in a way, what kind of order inflow can we expect in the next year?

Jitendra Mamtora: See, generally, if you look at our past record, the conversion has been in line of 15% to 20%. So, if INR 17,000 crores of orders are in the pipeline, then anywhere between Rs. 1,500 crores to Rs. 2,000 crores should not be far-fetched. We should be able to get that kind of order. That's one thing. Secondly, we are now more focusing and ensuring that once the transformer reaches the site, we have the least things to do. So that our concentration on attending to the site complaints reduces. This is what we are trying to address to ensure that nothing happens when the transformer reaches the site and all materials reaches the customer at one go

Siddharth Shah: Sure, sir. And from a demand perspective, which are the segments which are doing well and which are the geographies, sir?

Jitendra Mamtora: See, it is throughout India. It's not only a particular segment. But today, if you see, the main focus is renewables, everywhere. And renewable is the growth driver now. As the power generated by the solar or by renewable it is to be evacuated to the grid. And that requires huge number of transformers, whether on the smaller ratings or on the larger ratings. And besides that, the steel market is also picking up. So, there also we see a lot of movement. We have started receiving a lot of inquiries from the overseas OEMs for the supply of the large rating of industrial transformers. Besides that, there are certain inquiries, or we are catering to some of the orders from a multinational company for supply of the transformers for the green hydrogen. So, these are the opportunities which we see in the near future. The transformers for the green hydrogen may not be very large. But we are going for automation in those kinds of transformers so that the production becomes faster. The transformer requirement is going to be huge, whether it is for green hydrogen or for IDT that is for solar.

- Siddharth Shah:** Sure, sir. That's very helpful. Sir, the last question from my side is on the fundraise which the board has approved through QIP or PREF. Sir, how do we intend to use these proceeds of about Rs.500 crores which the board has approved?
- Satyen Mamtora:** This would be basically inorganic growth and some expansion that we are planning in the near future.
- Siddharth Shah:** And this will be say increase in capacity or some backward integration?
- Satyen Mamtora:** Increase in capacity and part of it will be backward integration also.
- Siddharth Shah:** Sure, sir. This is helpful. Thank you so much and all the best.
- Satyen Mamtora:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ashwani Sharma from Emkay Global. Please go ahead.
- Ashwani Sharma:** Hi, sir. Thanks for the opportunity and congratulations for a great set of numbers.
- Satyen Mamtora:** Thank you, Ashwani.
- Ashwani Sharma:** So my first question is that we are currently at Rs. 17,000 crore of order inquiries. Out of this, how much would be exports in inquiry?
- Satyen Mamtora:** Exports would not go beyond 15% this year.
- Ashwani Sharma:** Okay.
- Satyen Mamtora:** Because see the local demand for our country is also so high that since this is growing exponentially, exports may not go beyond 15%.
- Ashwani Sharma:** Okay. So, I was referring to your guidance on achieving some 25% contribution from exports. So that you are talking to achieve during FY '26-'27. Is that the right understanding?
- Satyen Mamtora:** Yes.
- Chanchal Rajora:** Yes, Ashwani.
- Ashwani Sharma:** Okay. Secondly, on the collections from GETCO, what is the status over there, sir?
- Chanchal Rajora:** Ashwani, we have received majority of the outstanding from the GETCO and the rest of the money is coming as expected. So GETCO is not an issue to us.
- Ashwani Sharma:** Okay. Now, given the inquiry pipeline is robust, our order book is also very strong. So, what is the outlook that you see for FY '25-'26 in terms of revenue and margins?
- Chanchal Rajora:** Ashwani, FY 25-26, if you are talking about, we are looking to execute whatever our present order book is, first we want to deliver that and we want to grow that in the coming years. And

as far as EBITDA is concerned, we are looking to achieve the numbers what we achieved in Q4FY24.

Ashwani Sharma: Perfect, sir. Thank you very much. That's all from my side.

Moderator: Thank you. The next question is from the line of Mahesh Bendre from LIC Mutual Funds. Please go ahead.

Mahesh Bendre: Hi, sir. Thank you so much for the opportunity. Sir, you said Rs.17,000 crores of bids are, under negotiation. So, these are on transmission or distribution side

Satyen Mamtoro: Most of them are power transformers, sir.

Mahesh Bendre: So, these will be about 220 kV, right?

Satyen Mamtoro: From 220 kV up to 765 kV.

Mahesh Bendre: And on distribution side, we are not very active below 220 kV?

Satyen Mamtoro: No. So, whatever that is currently under negotiation is from 220 kV to 765 kV. We are also in negotiations for 132 kV and 66 kV.

Mahesh Bendre: So, what that quantum will be, sir, for distribution side?

Chanchal Rajora: Mahesh, we would not like to discuss the numbers and levels of the enquiries. The IRS.17,000 crores enquiries what we are mentioning is altogether for kind of products. The majority of them is the power transformers, as MD sir mentioned.

Mahesh Bendre: Okay. And, sir, given such a strong demand, I mean, will profitability also go up significantly? I mean, given so much demand and the operating leverage that will play out going forward?

Chanchal Rajora: I think Q4FY24 numbers explains that.

Mahesh Bendre: No. I was talking about further. Is there any possibility improvement in that?

Satyen Mamtoro: No. This would be what would be around this much only.

Mahesh Bendre: Okay. Sure. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Khadija Mantri from Capri Global. Please go ahead.

Khadija Mantri: Hello. Good evening, sir.

Jitendra Mamtoro: Good evening.

Khadija Mantri: Yes. So my first question is, are we looking at some new industries such as data center for our transformers?

- Satyen Mamtora:** We are already supplying transformers to data centers.
- Khadija Mantri:** And so how does that market look to you in terms of growth in the next two to three years?
- Satyen Mamtora:** The market is good and there is a potential for the data center. And we are already pioneers in transformers for the data centers.
- Khadija Mantri:** Okay, sir. And one more question from my side. I observed that the contribution of revenue from state and central customers have gone down from 51% to 31% on YoY basis. So is it order specific or it is just the order book is in such a way that we have more contribution coming from industrial transformers?
- Satyen Mamtora:** We have deliberately taken a decision that we would be quoting less to State Electricity Board and more to EPC contractors who are in eventually servicing the State Electricity Board. That helps our cash flows better.
- Khadija Mantri:** Okay, sir. So you are saying is that the State and Central customer which you combine together, now that has come down from 51% to 31% but it is largely because of your less exposure to the State customers.
- Satyen Mamtora:** Yes, that is true.
- Khadija Mantri:** Central side it has increased, because the demand largely is for the power transformers.
- Satyen Mamtora:** Yes, that is true.
- Khadija Mantri:** Okay. Okay, sir. Fine. And, sir, sorry I missed the comments on the reason for the QIP and how it will be utilized if you can just restate.
- Chanchal Rajora:** Ma'am, the company is going towards backward and forward integration plan and also exploring inorganic growth opportunities. So, these funds are going to be utilized for that purpose and part of this will also be utilized to reduce the working capital burden on the company.
- Khadija Mantri:** Okay. And also the Rs.17,000 crores of inquiry which is under negotiation, it is from the domestic market?
- Chanchal Rajora:** It's includes both.
- Khadija Mantri:** Okay, but you would not want to give the share in the export?
- Chanchal Rajora:** We want to do, but we want a balancing between the domestic and export market as we have been given a guidance that by FY26 we want 25% share in the export. So we are slowly- slowly progressing on achieving that target. If you see in this year also we achieved almost 11% export turnover. So, we are increasing that slowly and gradually.
- Khadija Mantri:** Okay, sir. And the execution cycle is same for the export orders? It is about 15 months?
- Chanchal Rajora:** It depends on rating of the transformers.

- Khadija Mantri:** Okay, but on an average how would it be in export?
- Chanchal Rajora:** Yes, it is the same.
- Khadija Mantri:** Okay, sir. Thank you so much. I will come back in the queue.
- Moderator:** Thank you. The next question comes from the line of Subhadip Mitra from Nuvama. Please go ahead.
- Subhadip Mitra:** Thank you for the opportunity. Just reiterating on a couple of points. I think I am just summarizing what the management has already talked about firstly, I think in terms of exports, my understanding is that you are looking at growing the export share to about 15% in the near term, let's say by FY25 and going closer towards 20%-25% by FY27. Did I hear that correctly?
- Chanchal Rajora:** Yes, Subhadip.
- Subhadip Mitra:** Perfect. Secondly, sir, in terms of the current Rs.17,000 crores of enquiries under negotiation of which, let's say 15% to 20% is typically the conversion. So, one can look at a range of somewhere between Rs.2,500 crores to Rs.3,500 crores of order inflow.
- Chanchal Rajora:** You are right
- Subhadip Mitra:** Perfect. And lastly, with regard to your guidance, you mentioned that your current unexecuted order book of close to Rs.2,600 crores is probably what you would be looking at as your revenue for FY25 and an EBITDA margin of closer to 13%, which is what you delivered in fourth quarter?
- Chanchal Rajora:** Subhadip, the current order book what we have is to be delivered in next 15 month's time. So, we are trying to achieve that. And EBITDA margin will remain somewhere between 12.5% to 13% levels.
- Subhadip Mitra:** Perfect, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Mayank Chaturvedi from HSBC Mutual Fund. Please go ahead.
- Mayank Chaturvedi:** Good evening, everyone. Sir, in the capacity expansion after 8,000 MVA, can you tell me the total project cost plus what kind of transformers will we be producing from this capacity and when will we start taking orders for this capacity and the capacity will be operational by December 2024?
- Jitendra Mamtora:** See, we are mainly focusing on green hydrogen transformers and for solar parks transformers so, they won't be very large transformer. They will be around 20 MVA or so but they will be produced in mass because the demand is going to be very high you know 80 to 100 transformers per month. So we're going to make the plant automated by choosing the machines so that the human intervention is reduced and the failure rate is also reduced.
- Chanchal Rajora:** Mayank, this plant expansion has already started, and we expect this plant to be ready by December 2024.

- Mayank Chaturvedi:** Right. Yes that I got. Thank you. And what will be the cost to capex for this plant?
- Chanchal Rajora:** That we would not like to disclose at this moment.
- Mayank Chaturvedi:** And have you started taking orders from this capacity?
- Chanchal Rajora:** The inquiries are already in place. We are presently negotiating with the customers.
- Mayank Chaturvedi:** Okay. And from the QIP proceeds, will the amount be utilized for expanding this plant as well?
- Chanchal Rajora:** Yes.
- Mayank Chaturvedi:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Kaushal Kedia from Wallfort PMS. Please go ahead.
- Kaushal Kedia:** What is the current order book?
- Chanchal Rajora:** Rs.2,582 crores.
- Kaushal Kedia:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Sampat Naik from Tiger Asset. Please go ahead.
- Sampat Naik:** Congrats for the good set of numbers. So I was just wondering, sir, as we're going to do backward integration, how are the margins going to look going forward, because without backward integration, we're doing 13% kind of margins, so after this capacity expenditure, how are they going to look?
- Chanchal Rajora:** Sampat, post the commissioning of the facilities and after being we are currently working on 40% to 50% of the backward integration. Now we are looking to expand the backward integration further. And definitely, the margin will go up once we have fully backward integration.
- Sampat Naik:** Okay. Currently, we are quoting at 68% of raw material, right? I mean, like almost 32% gross margins.
- Chanchal Rajora:** No. Basically, that's not the correct thing. Our present raw material is around 72% to 74%. You can take it up from the books. Right now, it's going to remain the same levels.
- Sampat Naik:** Okay, sir. Just wanted to understand, Whatever the new orders are coming, at what gross margins they are being quoted at?
- Satyen Mamtoro:** We do not want to disclose it. But they will be good profitable orders. Thank you.
- Sampat Naik:** Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Aashna Manaktala from HDFC Asset Management Company. Please go ahead.

Aashna Manaktala: Hi. Good afternoon, what's the current trend in supply for the high voltage transformer industry? We've been reading that waiting times have increased to 24 months due to a shortage of supply. So how is that going to look for the industry in the coming quarters?

Jitendra Mamtora: See, firstly, it's very challenging to increase capacity just like this. So what we are doing is we are putting all our efforts to reduce the cycle time and we have done that and we have successfully reduced the cycle time down from 55 days to 40 days. So, now we are further trying to reduce it down to 32 days, or 35 days. If that happens, you know that the capacity will increase, and we will be in a much better position to be able to offer transformer much in time.

Aashna Manaktala: And, sir, this decline would happen over what time period?

Jitendra Mamtora: It is a continuous process. We have started doing it.

Aashna Manaktala: Okay. And, sir, how is the situation on the low voltage side for the industry?

Jitendra Mamtora: Low voltage side, see, those are, kind of off the shelf kind of a thing. So, it's not a long-term planning. As and when it comes, it comes. So, solar, when it comes, it comes when then, the projects last for about a year or so. So, it goes on, the supply goes on till the project is completed.

Aashna Manaktala: Okay. But for the industry, the supply is very well, there is no tight supply in terms of low voltage, is it?

Jitendra Mamtora: You See, there are number of suppliers, but, it is the quality of the transformers which people are now focusing more. Because if there is any outage, when the transformers are supplied, the whole project is failed. So, the customer always prefers to go for the more reliable transformer, maybe paying a little higher.

Aashna Manaktala: Okay, sir. Understood. Thank you so much.

Moderator: Thank you. The next question is from the line of Shrinidhi from HSBC. Please go ahead.

Shrinidhi: Hi, thank you for the opportunity and congratulations on good set of numbers. So, would it be possible to compare profitability and payment terms between your industrial set of business as well as utility set of customers?

Chanchal Rajora: Shrinidhi, utilities have got a fixed number of payment terms which generally ranges between 45 days to 60 days from the date of the transformer delivers. And when it comes to the industrial,EPC basically the payment terms are much better than the utility terms.

Shrinidhi: Right. And how are they on margins, sir?

Satyen Mamtora: The margins would be remain the same.

Shrinidhi: Right. And would it be compared similar business for export versus domestic, sir?

Chanchal Rajora: For export, we have a slightly better payment terms as well as the margin also.

Shrinidhi: Right. And since the order backlog that you have about Rs.2,600 crores, how is it split between fixed price contract and price variation contract?

Chanchal Rajora: Basically, the majority of the orders are on the price variable clause.

Shrinidhi: And last, the order pipeline which looks very strong at about Rs.17,000 crores, would it be possible to share what was this number a year ago?

Chanchal Rajora: Right now, we don't have that number in place here.

Shrinidhi: Okay, no problem, sir. Thank you for answering my question and all the best.

Moderator: Thank you. A reminder to all the participants, please limit your questions to two per participant. If you have any follow-up questions, you may please rejoin the queue.

The next question is from the line of Nilesh Doshi from Green Lantern Capital. Please go ahead.

Nilesh Doshi: Hi, Satyen and Chanchal.

Satyen Mamtora: Good evening, Nilesh bhai.

Nilesh Doshi: Yes, congratulations for moving in the right direction both on the revenue and the margin front. Just one question, What are we doing with Research and Development (R&D) in the field of new product development? In particular, I believe that there are many import substitution products available in our country, and that we may be heavily reliant on imports, such as some transformers components or other new products?**Satyen Mamtora:** Yes, Nilesh bhai. So, whatever backward integration that we are doing, we are working on many projects that will substitute the import that we do for those.

Nilesh Doshi: Satyen, I don't know, is there a time when we should be fully backward integrated?

Satyen Mamtora: We should be fully backward integrated by December 2025.

Nilesh Doshi: Yes, okay. And how much that can help us in terms of margin, any kind of, I mean, calculations or work we have done on that?

Chanchal Rajora: Nilesh bhai, it will better our margins from the present levels. But the calculations and all once we'll meet, I'll tell you, sir.

Nilesh Doshi: Sure, sir. Thank you and all the best.

Chanchal Rajora: Thank you.

Moderator: Thank you. The next question is from the line of Parthiv Dalal from Antique Stock Broking. Please go ahead.

Parthiv Dalal: Good afternoon, Mamtoraji. Good afternoon, Chanchalji.

Chanchal Rajora: Afternoon, Parthiv.

Parthiv Dalal: Yes. Sir, could you through some light on working capital scenario? I know there are improvements, but could you please spend a few minutes reviewing how you see this playing out in the future given the larger scale of your business?**Chanchal Rajora:** Parthiv, if you see on my present presentation and balance sheet, my working capital cycle has been improved drastically and we are actually further strengthening that. If you see on my creditors' side, my creditors have gone down drastically as well as my debtors are going down. And we are working on the directions where we can further strengthen this working capital cycle. If you see the numbers, you may find it a little high.

But please understand that from our debtors' side, the majority of the debtors which are right now on the receivables has been billed very, very recently. So they are not even basically due and if you heard my speech that now every month, we are collecting more than Rs.125 crores to Rs.130 crores, that itself is strengthening my working capital cycle. Even if you see the short-term borrowings, my short-term borrowings have gone down drastically, as well as my long-term borrowings have gone down drastically. So these are the indicators that my working capital is entering day-by-day.

Parthiv Dalal: Got it. Okay, sir that's all from my side.

Moderator: Thank you. The next question is from the line of Surbhi Saraogi from SMIFS Capital Markets. Please go ahead.

Surbhi Saraogi: No, my questions have been answered. Thank you.

Chanchal Rajora: Thank you, Surbhi.

Moderator: Thank you. The next question is from the line of Mehul Mehta from Nuvama. Please go ahead.

Mehul Mehta: Thanks for the opportunity. As far as green power grid is concerned, my question is what would be the green transformer order book share for this green transformer?**Jitendra Mamtora:** You know, when we say green energy, that's, I don't know, what people think of when they say green energy. All transformers that are used to transmit power from the solar energy to the grid are green. Most of these orders that we've received from the power grid are mostly for these things. So you can say that 60% to 70% of these transformers are for green energy directly and indirectly.

Mehul Mehta: Okay. So, in terms of like, whatever is our order book, say about Rs2,600 crores approximately, out of which, like in terms of transformers, can you bifurcate between say conventional energy and green energy? Is that possible?

Jitendra Mamtora: Say about 50-50.

Mehul Mehta: 50-50. Okay. And in this, what sort of T&D system spent entirely, market, out of it transformers would be like is that possible to share?

Chanchal Rajora: Sorry?

Mehul Mehta: Out of entire T&D system, transmission and distribution system, how many transformers would we share if we want to understand the whole T&D network and that network size, and out of those transformers, how many would we share power transformers & distribution transformers? Because we essentially get right? **Chanchal Rajora:** Mehul, Subhadip is the right person to give you the answer of that question. Very recently, he has done a detailed study on the TRIL and power industry.

Mehul Mehta: Yes, I have gone through, that's right.

Chanchal Rajora: He has the questions, he has the right answers of your questions.

Mehul Mehta: Okay, I'll question him. Just last question is that in terms of, say growth over next five years, in transformer market, any numbers you would like to share, industry growth?

Chanchal Rajora: Mehul, we want to take the baby steps at least to the five years down the line. At present, we are focusing on the next two years. **Mehul Mehta:** So, annually, say for next two years, what would you anticipate?

Chanchal Rajora: Annually, if you see that market research report is that Indian transformer market is increasing by around 14% CAGR levels.

Mehul Mehta: So, that should be, we should take as about volume growth, right? Because realization always, keeps on changing. So, 14% volume growth. Thank you so much. I'm done. Thank you.

Moderator: Thank you. The next question is from the line of Rishi Kothari from Five Square Investments. Please go ahead.

Rishi Kothari: Congratulations, sir, for the great set of numbers. And I would also like to congratulate the EY team for such a nice presentation here. Sir, I wanted to first ask what will be your utilization level at the current 36,000 to 37,000 MVA capacity which we currently have?

Chanchal Rajora: Rishi, we are right now operating at around 60% to 65% levels.

Rishi Kothari: Okay. And sir, by next year, by December 24, we are expecting another 12,000 MVA capex. And we will slowly ramp up that capacity. So, do we expect that to reach the peak by FY 26, sir?

Chanchal Rajora: Yes.

Rishi Kothari: Okay. Thank you, sir. All the best for the coming financial year.

Chanchal Rajora: Thanks, Rishi.

Moderator: Thank you. The next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari: Hi, good afternoon. Sir, in one of the comments, you mentioned that it's tough putting up a new capacity. If you can talk about what are those bottlenecks or challenges?

Satyen Mamtoro: Sorry, we didn't get your question.

Pratik Kothari: Sir, you mentioned in one of your answers that it is difficult to build new capacity and that is why you were working on operational efficiencies. So, can you please highlight what are the current challenges that you are facing in terms of building new capacity? **Chanchal Rajora:** We aren't facing any bottleneck about the new capacities.

Satyen Mamtoro: It is just, continuous improvement in terms of production that we are looking at. So, it is a continuous process. There are no bottlenecks. But how do we improve on whatever we are doing today? How do we improve that tomorrow? And how do we improve it on day after tomorrow? So, it is a continuous improvement process that we are working on.

Pratik Kothari: No, correct. Because, sir, maybe in the last cycle, 10 years back, I mean, a lot of new capacity came up very quickly and that kind of disrupted the market. So, if you can talk about, are you seeing, given the demand that all of us are seeing, do you see new capacity coming up very quickly?

Jitendra Mamtoro: The new capacity which came up was in the transformer range of 220 kV and below. There was no capacity which came up 220 kV and above. See, if you just see 400 kV and 765 kV transformers, there are not many players today.

You can count them, five, six players, that's all, not more than that. So, you know, putting up a capacity for a higher rating of transformer, EHV, what we call is Extra High Voltage transformer, it's not that easy, it's complicated also and then it requires a lot of patience to build those kind of transformers. It's not only the design which makes the difference, but also the art of production.

So, that makes a difference when you talk about large rating of transformers. Similarly, the case with the HVDC transformers. See, there are a lot of transformer manufacturers, even in the world, 400 kV and 765 kV, but HVDC transformers, not many. There are, you can count them on the fingertips. So, these are really the state-of-the-art kind of production, which requires a lot of skill and trained manpower, which is difficult to get. You can get money, but where do you get the skilled manpower? That's the main thing.

Pratik Kothari: Thank you and all the best.

Satyen Mamtoro: Thank you.

Moderator: Thank you. The next follow-up question is from the line of Ashwani Sharma from Emkay Global. Please go ahead.

Ashwani Sharma: Yes, thanks for the opportunity again. Sir, I wanted your views on opportunities in the railway, especially, Scott transformers, we read in one of your transcripts. If you can give us some sense, on the opportunities over there.

Satyen Mamtoro: You know, with the dedicated freight corridor coming up, high-speed trains in vande bharat, and the ever-increasing speed of trains, the demand for scott-connected and v-connected

transformers will be in huge demand in the next few years. And we're starting to see inquiries coming in at a very high rate to us as well. So this is again a big sector that's coming in the next couple of years **Ashwani Sharma:** So, we have the product portfolio as far as railway is concerned. Is there a gap?

Satyen Mamtora: We have the product portfolio for the Scott-connected. We are RDSO approved. The Scott-connected and V-connected transformers, we are getting short-circuit tested by end of May. So, then our product will be considered regular then. We have got some orders for Scott-connected and V-connected transformers. And we have to provide short-circuit test for them.

Ashwani Sharma: Okay. So, in our order book, how much would be that? Any sense?

Satyen Mamtora: Very small, about 7 to 8 transformers, not beyond that right now.

Jitendra Mamtora: So, about 2% to 3%.

Ashwani Sharma: Okay. So, secondly, if I look at the contribution, you know, product-wise contribution in our order book, the contribution of reactors are increasing year-on-year. What explains that, sir?

Chanchal Rajora: This is power gate supply.

Ashwani Sharma: It is mainly the power gate supply?

Satyen Mamtora: Yes.

Ashwani Sharma: Okay. Thank you very much, sir.

Moderator: Thank you. The next question is from the line of Dhruv Agarwal from Niveshaay. Please go ahead.

Dhruv Agarwal: Yes. Good evening, sir. Congratulations on a very good set of numbers, sir. Sir, in the last call you said that you are expecting and you are executing orders which are having low gross margins of around 24% to 25%.

For the new orders, the company has already quoted the prices considering the gross margins of 32% to 33%, which was reflected in the quarter four itself. So is it fair to assume that the low margin order is fully executed, sir, right now?

Chanchal Rajora: No, it's not that, Dhruv. It is the mix of those things we are going to deliver.

Dhruv Agarwal: So, sir, can you please quantify what will be the low margin order book stands as of now from the total order book?

Chanchal Rajora: I cannot disclose that at the moment.

Dhruv Agarwal: Okay, sir. And you said that there is Rs.2,600 crores of un-executed order book which will be executed in 15 months' time period. So, sir, for the financial year 25, the revenue looks like around Rs.2,100 crores. Is my understanding correct, sir?

- Satyen Mamtoro:** We will try to achieve, if possible.
- Dhruv Agarwal:** Okay. And, sir, like currently you have capitalization of 60%. So going ahead, seeing the demand that we currently have in the environment. So, what would be the capacity utilization going forward in the financial year 25-26, sir?
- Chanchal Rajora:** Dhruv, for any manufacturing industry, the peak capacity utilization is 85%.
- Dhruv Agarwal:** Right, sir. So are we going to increase the capacity utilization in the coming years?
- Chanchal Rajora:** Definitely, if we have to deliver, we have to increase that.
- Dhruv Agarwal:** Okay. Just one last question, sir. In the next financial year, what would be the borrowing levels, is there any plan to reduce further, sir, or it could be in the same level, sir?
- Chanchal Rajora:** We are trying to reduce the borrowings.
- Dhruv Agarwal:** Okay. And just one more question related to that only, sir. Like, in terms of working capital cycle, you said that your target is to have 120 days working capital cycle. So how are we going forward in that, sir?
- Chanchal Rajora:** There is a retail strategy in place for that, and we are working on that direction piece.
- Dhruv Agarwal:** So, what would be the current working capital cycle, sir?
- Chanchal Rajora:** You can please go through our financial numbers, which we uploaded on the market. You will get the detail about that.
- Dhruv Agarwal:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Pinkesh Asrani from Profitgate. Please go ahead.
- Pinkesh Asrani:** I missed the point of QIP round. That QIP round is for Rs.500 crores. Am I right?
- Chanchal Rajora:** Yes.
- Pinkesh Asrani:** Okay. So by what time it would get completed? Like, any deadline, any timeline from the Board?
- Chanchal Rajora:** Pretty soon.
- Pinkesh Asrani:** Can you give some specific number for a specific period?
- Chanchal Rajora:** Pinkesh, by end of first quarter it should be completed.
- Pinkesh Asrani:** Okay. That's all. Thank you.
- Moderator:** Thank you. The next question is from the line of Khush Nahar from Electrum PMS. Please go ahead.

Khush Nahar: Hi, sir. Thank you for the opportunity. So I just wanted to know what would be our R&D expenses for FY24 and FY23.

Chanchal Rajora: Khush, this is the one thing which we don't want to discuss in this forum.

Khush Nahar: Okay. All right. Thank you.

Moderator: Thank you. The next question is from the line of Sampat Naik from Tiger Asset. Please go ahead.

Sampat Naik: Yes. Hi, sir. Thank you. Sir, you just said that we are RDSO approved for Indian Railway. Just wanted to understand how difficult is it for anyone to get RDSO approved? And are there any other players who are already RDSO approved?

Satyen Mamtora: Yes. There are so many. Compton is one of them, BBL is one of them. We are. And it took us almost about one and a half year to get the first order from RDSO. This goes way back into 2011-12. So, you know, it is difficult to get RDSO approved. You need to meet certain prerequisites first to become a certified RDSO supplier.

Sampat Naik: So, what other companies you said, sir? I just missed that.

Satyen Mamtora: Bharat Bijlee, CG, BHEL, ABB.

Sampat Naik: Okay, sir. Okay. Thank you so much. All the best.

Moderator: Thank you. Ladies and gentlemen, we would take that as our last question for today. I would now like to hand the conference over to the management for closing comments.

Satyen Mamtora: Thank you all for being part of our conference call and for actively participating in the call. We appreciate your support and trust in us. We hope we have been able to address most of your queries. In case of further queries, you may reach out to our investor relation advisor – Ernst & Young and they will connect with you offline. Thank you, Vijay Bhasin from Nuvama for hosting our call. Have a good day, God Bless!.

Moderator: Thank you. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us. You may now disconnect your lines.