



“Transformers & Rectifiers India Limited  
Q2 FY’25 Earnings Conference Call”  
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TRANSFORMERS & RECTIFIERS INDIA LIMITED  
MR. CHANCHAL RAJORA – CHIEF FINANCIAL OFFICER  
AND ADVISOR TO THE BOARD – TRANSFORMERS &  
RECTIFIERS INDIA LIMITED**

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Transformers and Rectifiers India Limited Q2 FY '25 Earnings Conference Call hosted. As a reminder, all participant lines will be in 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 a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Subhadip Mitra from Nuvama Institutional Equities. Thank you. And over to you sir.

**Subhadip Mitra:** Thank you. Good afternoon, friends. On behalf of Nuvama Institutional Equities, welcoming you all to today's interaction with the top management of Transformers and Rectifiers India Limited. We have with us today, Mr. Jitendra Mamtora, the Chairman and Mr. Chanchal Rajora, CFO and Advisor to the Board.

I would now like to hand over the call to the management for their opening comments before we do the Q&A session. Over to you sir.

**Jitendra Mamtora:** Good afternoon, ladies and gentlemen. Thank you all for joining us on Earning Conference Call. We are delighted to have you here as we discuss our company's performance over the past quarter and first half. Following our Board Meeting earlier today, we have promptly released our financial results and investor presentation on the Stock Exchange. We are pleased to let you know that we have a total order book of INR3,500 crores as on September 30, 2024, out of which about INR1,700 crores of orders which has flown in in the last quarter.

Looking ahead to the remainder of fiscal year 2025, we have successfully navigated through phases of stabilization, turnaround and growth. We are now focused on consolidation, expansion and achieving sustainable profitability. We have implemented strategic growth initiatives across the organizations which are already reflecting positivity in our performance. Our revenue targets for the year remain unchanged. We extend our sincere gratitude to each participant for joining our earning call and for your continued support and trust. We hope we have addressed your queries satisfactory.

Moving forward, we are excited about the upcoming milestones. The first phase of new capacity addition of 15,000 MVA will start for commercial production from January 2025. Trial run for fully automated radiator manufacturing facility up to 765 kV has already started. First phase of fabrication unit will be operational from March 2025 or little later, but not later than June 2025. We target to be 100% record integrated organization by quarter one, '25-'26.

Depreciation for organic and inorganic growth, revenues are at a very advanced stage. Furthermore, the visit to Europe last month focused on an increase in export share by more than 25%, strategic tie ups for creating synergies are expected with global giants in the field of renewable oil and gas, as well as special application rectifier transformers.

In addition to this, we are proud to have received the order of 420 kV Three-phase reactor with synthetic organic insulating fluid from power grid, another order for an electrical arc furnace for 175 MVA from Arcelor Mittal, Mexico. This is our first large transformer to Mittal Group for arc furnace, and the two other orders for the arc furnaces are going to follow. They are in the

pipeline. I recently visited them and appraised them of our capacity and our new expansion plans. They are happy with that, and as I said earlier, the two other arc furnace transformers are in the pipeline beside other auxiliary transformers and large power transformers.

Once again, thank you all for your participation and support. We look forward to your continued partnership as we progress into the next phase of our growth journey. I would now like to hand over the call, the mic to our CFO Mr. Chanchal.

**Chanchal Rajora:**

Thank you, Chairman sir, for providing an overview of the current quarter and the first half of the year. I would like to share some key financial highlights to our esteemed shareholders. Before that, I would like to tell all of you that at this time again we are the first company to declare the result in the record time of the seven days for this quarter and the first half. This is continuously second time we have been doing this thing.

Dear shareholders, I am pleased to present the accomplishment of our company for the second quarter and the first half of FY '25, which has been one of our strongest quarters in the past decades, marked by sustainable growth and revenue profitability. Financial highlights; in Q2 FY '25, our standalone revenue reaches to INR457 crores, an impressive increase of 75% Y-to-Y and H1 figure stretched to INR773 crores, a milestone achievement with an increase of 86% compared to the H1 last year.

We achieved EBITDA of INR76 crores for quarter two, a significant rise of 236% year-on-year basis, and H1 EBITDA strength at INR118 crores, increase of 348% Y-to-Y, with an operational EBITDA margin of 16.53% for quarter three and 15.28% for H1. Our profit after tax for quarter two stood at INR42.18 crores, showing a robust increase of 1,272% year-on-year basis with a PAT margin of 9.22%. During this quarter, we secured order totalling INR1,031 crores and total order worth INR1,729 crores for the H1, highlighting our strong momentum and strong inflows.

As of September 30th, 2024, our unexecuted order books stand to INR3,500 crores which will be executed in next 18 months' time. Our revenue target for the current financial year remains intact as informed by Chairman sir also, and our journey towards the US \$1 billion in the next three financial year has already started. Throughout FY '24, we have placed significant emphasis on the people, management and upskilling initiatives, acknowledging the private role of our workforce in our sustained success.

We are focused on enhancing technical skills, fostering leadership readiness and improving overall competence across our manufacturing, sales and engineering division. Our strategic recruitments in key areas such as engineering, sales and digital domains has been aligned with our business objectives.

Looking forward, we are optimistic about our prospects for FY '25, anticipating enhancement across various financial metrics. Our strategies are centered on achieving a seamless balance sheet by reducing debtors and optimizing inventory management. Our ultimate aim is to transform into a debt free company in the near future, supported by clear and actionable plans already underway.

In conclusion, we are well positioned to capitalize on the opportunities within India and outside India, evolving energy sector and other sectors. With robust corporate governance, advanced technology, superior products and dedicated team, we are confident in our path towards sustainable and profitable growth. I extend my heartfelt gratitude to our customers, the board, management, unions and particularly to our committed employees for their unwavering dedication and support. Together, let us continue to cultivate a promising future. Thank you very much. Subhadip, we can have a floor for the questions please.

- Subhadip Mitra:** Sure sir. please open it for Q&A.
- Moderator:** Sure sir. Thank you very much. The first question is from the line of Nidhi Shah from ICICI Securities. Please go ahead.
- Nidhi Shah:** Thank you so much for taking my question. I'd like to ask a couple of questions on the finances. First one being that we've seen an unusually high other income this quarter. It's generally twice of what we see for the whole year. So, one, why is that? And two, how much it will be sustainable on a full year basis? And secondly, we see the margins for last quarter are same. So is there little room for improvement?
- Chanchal Rajora:** Nidhi, first question, I could able to hear you properly. Second question, I did not hear. The first question reply is that the increase into this is because of the QIP funds, what we have received is placed into the liquidity fund till we utilize it. So we have received the revenue on account of that. So that is the reason of rise into this income. And as far as sustainability of this is concerned, we are not much focused on the other revenues. We are more focused on the operational revenues, and where we are full confident that this is going to be increased and on sustainable manner, on quarter to quarter and year to year. Can you please repeat your second question?
- Nidhi Shah:** Yes, my second question was on the margin. Now we've seen that for the last two quarters we have seen 70% EBITDA margin. If you take out the other income, is this our target margin or are we hoping to improve margin beyond this?
- Chanchal Rajora:** We are hoping to improve it. This is not our target margin. Our destination is something else.
- Nidhi Shah:** And then what are we aiming for the full year in terms of margins?
- Chanchal Rajora:** In terms of the margin, we should be remaining to the same line in the full years.
- Nidhi Shah:** Okay. All right. And my absolute last question would be what percentage of our order book is currently exports?
- Chanchal Rajora:** It is around 10%.
- Nidhi Shah:** All right, thank you so much.
- Moderator:** Thank you. The next question is from the line of Ganeshram from Unifi Capital. Please go ahead.
- Ganeshram:** Yes, thank you for taking my question. The first question is just on the export side, right? So, I know we're targeting 25% like 2026 from the export side. What I'm trying to understand is what

are the markets that we're trying to secure? What the go to market strategy is, and who our competitors are? And what is sort of the edge that we have? That's the first question.

**Jitendra Mamtora:** Ganeshram see, the competitors are all the multinational companies and from India, if you say for export, it is -- Toshiba is playing a major role in the exports. They do a lot of exports. Their export is to the tune of INR1,000 crores plus, but mainly into distribution transformers. They are not much into power transformers as far as the export is concerned. So their revenue comes from the transformers for distribution transformers and also for the transformers for the solar parts. So, they are the major competitor from here. And we are targeting the market, Europe market, African market and also the American market.

**Ganeshram:** Got it. Please go ahead.

**Chanchal Rajora:** Ganeshram, to add up what Chairman sir has told you just now, our target on the export size is more into the special duty transformers which are our expertise. Like just now in his speech, Chairman sir has explained you about the electric arc furnace, transformers from Arcelor Mittal. So, these kind of the transformers we are targeting more because we have the expertise on that, and we are the only company who is making these transformers as of now in India.

**Ganeshram:** Okay. All right. So, I understood the picture in terms of a domestic competition, but overseas, the edge that you're providing is more on the cost lines or is there also knowhow involved, right. And if it's mainly on the cost lines, what would be the differential between us and the global peers? You know, something manufactured out of India.

**Jitendra Mamtora:** Ganeshram, at the moment, it is not the price, it is technology, we have the technology. Technology is not an issue. Issue is the delivery. You know, so most of the overseas players are occupied for next two and half to three years. So delivery plays a major role. And the importance will be given to the one beside -- price they will not be considering because if I give them the transformer earlier, they will accept my higher price also.

So there is no competition as such today, it is your capacity to deliver to them in time. That is what it is. So as such, if you ask me, there is no competition. Everybody in the world is fully booked. I don't know about China, but if you look at the European manufacturer, the manufacturer from Turkey, manufacturer from Russia. Russia is, I mean, they are isolated, but otherwise also they are busy supplying to their local requirement.

And then Americana manufacturers, they are booked for another three years or more. So now they are talking about the delivery in the year 2029. So if you just say there is no competition price wise, there is no competition. We are qualified up to 765 kV transformer with our references. So it is only going to be our capacity to manufacture and deliver them in time.

**Ganeshram:** Understood sir. Okay, that's helpful. So going forward, how are the working capital terms on these exports, right, because considering the shipping angle that you have to export, do we recognize revenue once it reaches the customer or how does that work? And are there any offsets in terms of what we ask from our customers compared to our domestic side of the business?

**Chanchal Rajora:** Ganeshram, as far as working capital side or payment terms is concerned, we have already taken quite a large of initiatives and we are slowly, slowly converting all of our customers into the LC customers, which will help us for the working capital size. As Chairman sir just explained you right now, the pricing is not a constraint, constraint is the timeline. And to meet out the timeline, even the customers doesn't mind to give us the advance also if required, particularly the companies like us. So this is not going to be any challenge in future.

**Ganeshram:** Understood. That's helpful. Maybe I'll keep it to the last question then, just on the new capacity. I think now we're expecting to start it in January, earlier December, right. So was there, I mean, was it because the equipment didn't reach in time or anything? And was it part of the guidance that we are trying to consider for the full year?

**Chanchal Rajora:** It is because of the heavy rains in Gujarat.

**Ganeshram:** Okay. Understood. Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Tanay Rasal from Nomura. Please go ahead.

**Tanay Rasal:** Hello, sir. Thank you for the opportunity. Sir as you mentioned that the capacity has been booked, all over the world. So on the supply -- I wanted to know about the the supply chain constraint. Okay, we are reading that, there are some constraint on the CRGO tank as well as, certain types of bushings. So how are you navigating this supply chain? Your thoughts on this?

**Jitendra Mamtora:** Yes see, we have already said that we are going for backward integration in a big way. So, one of the projects is for the manufacturing of the tanks for which we have already, signed up with the agent to buy the land. And it is finalized and we have already paid them. So it is now within, by Dussehra, we should be able to get the possession of the land.

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for which we have already, signed up with the agent to buy the land. And it is finalized and we have already paid them. So, it is now within, by Dussehra, we should be able to get the possession of the land. And as soon as we get the possession of the land, we will start fabricating -- we start for the fabrication, and we are going for the ready-to-use fabrication kind of a thing. So, all the activities will be done at their end and they will come here and then fix it. So that time taken for the fabrication and the installation takes very less time. So that is one, fabrication.

And CRGO, as far as the CRGO is concerned, we are in the advanced stage of taking over one of the processing houses in Ahmedabad for processing CRGO. And we have lined up for the supply of CRGO with the major players, like all the major manufacturers of the electrical steel. So, we are assured of the requirement which is something like, today it is something like 1,200 tons, 1,000 tons to 1,200 tons per month. So, yearly it is going to be something like 15,000 tons.

So, we have the contract for the supply of more than this by which we will be able to also serve our peers, because we are taking over the plan for the processing of the CRGO. And the plant which we are taking over is one of the best in the country. And then the bushing, the bushing

also we are in the advanced stage of collaborating with one of the manufacturer. And we will be the first one to manufacture those RIP bushings which are not manufactured in India as on today.

Now for OIP bushing impregnated. There are three kind of bushings you get today. One is OIP that is oil impregnated, one is resin impregnated and then one is what they call it epoxy impregnated. There is no paper involved there. So, all one, OIP we are already into it up to 220 kV and 400 kV, will start with 400 kV shortly. And for the RIP and RIF bushing, we are tying up with another manufacturer who has a track record of last 10 years into the same field.

So, we don't want to experiment with our own processes and take little more time. So, we have taken a decision, conscious decision to go for the collaboration with or the technology transfer with one of the established companies. So that was tank, CRGO and bushing which we have taken care of.

- Tanay Rasal:** Thank you. Thank you, sir, for a detailed answer. Thank you. That's it from my side. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Chinmay Kabra from Emkay Global Financial Services. Please go ahead.
- Chinmay Kabra:** Yes. Hi sir, congratulations on a good set of numbers. So, I just wanted to -- I think I missed it. So just wanted to get the order win that has happened in Q2 FY '25 and H1 FY '25 on a holistic level?
- Chanchal Rajora:** Chinmay, if you go through my investor presentation which we have given to the Exchange now you will get the entire detail into that. But just to give you a brief about that, in H1, we have got the orders of INR1,729 crores from across the sectors. And in this quarter, we got the orders of around INR1,000 crores.
- Chinmay Kabra:** Understood sir. Thank you. My second point was till when do we plan to attain the debt free position?
- Chanchal Rajora:** We are working on that direction.
- Chinmay Kabra:** So, I mean can we expect that...
- Chanchal Rajora:** I can't give you the deadline, Chinmay, because it is a very heavy capital-intensive industry. So, till the time I reach to my 10% PAT for next two years -- continuous two years. So, this position will remain. But slowly, slowly we are working on the directions to become the tax-free company.
- Chinmay Kabra:** Understood. And if you could provide a breakup of the revenue between domestic and exports.
- Chanchal Rajora:** As of now I cannot provide you those things. But yes, from my entire order book 10% is the export book.
- Chinmay Kabra:** Understood. And RV and...

- Chanchal Rajora:** And last year, March '24, our exports was around 10% levels, and this year it is going to be more than that.
- Chinmay Kabra:** Understood sir. Also just wanted to gain an understanding of the capacity utilization, that is...
- Chanchal Rajora:** Can you please come back to question again? Because I would, we have to address almost 50 questions, 50 people now. So, it would be great if you can please join later on also.
- Chinmay Kabra:** Sure, sure.
- Moderator:** Thank you. The next question is from the line of Subhadip Mitra from Nuvama Institutional Equities. Please go ahead.
- Subhadip Mitra:** Thank you. So, my first question is, given the current order pipeline that is visible to you. Would you be guiding for any particular sales growth or margins over the next couple of years?
- Chanchal Rajora:** Subhadip, if you -- as I told in my speech that from this year in drill we have started journey towards a billion-dollar revenue company next three financial years. And we are working on that direction that in next three to four financial years we want to reach there. As far as my order book concern is there, the order book of INR3,500 crores which we have in right now, this entire order is going to be served in next 18 months' time.
- And apart from this, we have not taken up any orders from the capacity expansion which is coming up at this moment. And apart from this, my Changodar unit which is basically up to 220 kV unit is still 50% is to be filled. So, as I told you in my entire conversations that we're targeting for almost INR3,500 crores numbers for next years, and the journey is continuing towards a billion-dollar revenue.
- And as far as the margin is concerned, we are consolidating our position not only in terms of the revenue but also from the margin. And as Chairman Sir keeps guiding us always and keep telling us that in the good olden days we reached up to the 19% margin levels. So, we are aiming for that.
- Subhadip Mitra:** But that you would say is more like a FY '27 kind of a number or can it come faster?
- Chanchal Rajora:** I think it can come faster also if the way we are going it should continue.
- Subhadip Mitra:** Understood. Lastly sir, on the working capital, are you seeing any escalation in terms of debtor days of working capital for this particular quarter?
- Chanchal Rajora:** Subhadip, we are trying to reduce it quite this thing. Basically, you need to understand my debtors' composition. In my debtor composition, there is around INR100 crores number which is lying with the utilities as the retention money, which basically always comes after the project is completed. So, it is basically a money which is not due, but my index doesn't allow me to separate it, that is the reason I have to keep it into the debtors, right?
- So that's the reason you will find this always into there. And as far as debtor is concerned, please do understand that when I am supplying to utilities, I have the delivery terms on the F.O.R basis



and my payment is due when the material reaches there and accepted by the utilities. And on an average basis, every utility selling time is around 30 days to 35 days. So, these major components, if you remove it, my debtor cycle is very less.

If you see my industrial customers -- almost all of my industrial customers, either on the LC basis, or on the vendor financing basis, or on the advanced basis. So, as I have been guiding in all of my, these things, that in next two -- by next year, we have a target of around 120 days working capital cycle. And we are working on those directions. And that is probably the best working capital cycle for capital goods industry.

**Subhadip Mitra:** Just one last bit on potential acquisitions. You did allude to acquisitions possible on the CRGO side and the bushing side, as chairman sir was saying. Are there any other acquisitions that are on the anvil or any plans that you can throw light on?

**Chanchal Rajora:** No, as bushing is concerned, we are not doing acquisition, we are importing. We are taking up the entire new facility. We are basically tying up the existing manufacturer, who has got the expertise of the technology and machinery. So, he's providing entire knowhow technology and machines to us, and helping us to set up the machine unit here itself. So, it is going to be a completely new facility for us.

CRGO is what we are talking about, processing unit. Yes, we are into the advanced stage. We have already signed a term sheet with the party, target company, and as soon as probably next week, we will be announcing this acquisition. Apart from this, we are working on an advanced stage on inorganic acquisition. MOU has been signed on that also. And probably in this month or early next month, that will also be completed.

**Subhadip Mitra:** Understood. Thank you so much. That's it for my side.

**Moderator:** Thank you. The next question is from the line of Gunjan Kabra from Niveshaay Investments Advisors. Please go ahead.

**Gunjan Kabra:** Thank you so much for the opportunity and congratulations for a good set of numbers. So just I'll just complete the two questions. With respect to the demand and supply mismatch that is there, right now the demand is huge, but we are seeing that the top players, if I count like top 10, 12 players including ours, the capacity that is coming up in the market is around maybe say 70,000 MVA. So how are we seeing in terms of the new capacity that's coming up with respect to demand?

**Chanchal Rajora:** Gunjan, I think the same question you had asked me in last quarter and I replied to this question also. See we don't foresee any overcapacity coming in next two or three years now. And just now that chairman sir, when he was addressing to the export issue also, he said is that right now there is no dearth of orders for anybody. There is ample amount of the orders available for every transformer manufacturer. And we are also working on that level.

You can see that right now I have INR18,000 crores, INR19,000 crores of inquiries pipeline, and everyday inquiries are flowing up. So that's not the constraint at all. And capacity expansion is not coming so soon. As we are the established player, we have the expertise, we have the

manpower and everything. To set up a 15,000 MVA, we are taking eight to nine months' time. So, you can imagine for the new capacity people, how difficult it will be. And apart from that, getting the right suitable manpower is going to be more difficult for those people.

**Gunjan Kabra:** Okay. And second is you answered a lot of questions on exports. So here I wanted to understand that in the beginning when sir said that we are doing tie ups with the oil and gas and electric arc transformers, special duty transformers is what we are focusing on exports. So here in, the energy transition which is happening because of that, the demand for power, are we focusing on that side also because there is huge expenditure that is being done in the U.S., Europe and Africa as well. So, are we focusing on the export markets, on the power transformers as well?

**Chanchal Rajora:** Yes, Chairman sir has addressed that issue also. And the oil and other segments, that Chairman sir has addressed, it is very recently our Chairman and our MD both have visited with our entire delegation to the European market to meet the big giant customers of Europe, and who are the major customers and major name into the world. So, these are from these factors and we are working with the strategic tie up or strategic relationship with them to have the orders from them.

So this is the area which we want to target, apart from the power transformers, as chairman sir has mentioned already. I think you missed that out, we are tying up, we are looking for U.S. also. We are looking for Europe also. And in terms of the all kind of the transformers, which is of our expertise.

**Gunjan Kabra:** Sir, what is the margins on the export side versus the domestic?

**Chanchal Rajora:** I would not like to disclose that here.

**Gunjan Kabra:** Thank you so much for answering.

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

**Dhruv Agarwal:** Congratulations on a very good set of numbers, sir. Most of my queries have been answered, but I have a few questions. Firstly, as you have added up this new facility of 15,000 MVA which will start commercial production from January 2025, by when can we expect to reach the maximum capacity utilization? And you were targeting it to be 100% backward integrated organization by Q1 FY26. Would you like to revise your EBITDA margin guidance in near term, sir?

**Chanchal Rajora:** Dhruv, first of all, the new capacity expansion and 100% utilization will be reached by third quarter of next year, right. Second thing is EBITDA margin targets, we wanted to remain at this level same on that level, because what I have just told Subhadip is that covers up the advantage what we will be getting from the backward integration side. Just to add up in that, that will basically give me more advantage on my consol numbers.

**Dhruv Agarwal:** On CRGO side, you said you are in the advanced stage of discussion. So, what kind of capacity it would be having. That is whether we would be able to fully use this capacity for internal use, like we won't close the capacity from outside, right, sir.

**Chanchal Rajora:** Dhruv, the capacity this unit has got is around 25,000 ton per year. At present for the next year I have my requirement of around 17,000 ton to 18,000 ton. So, whatever my requirement will be there it will be done from this place, and balance we will be selling it to the RPOs, because there is huge demand of this. And above that, as chairman sir has just told you, this is the finest facility of this country. So, it has got all approvals in place. So definitely we would like to take the advantage of that.

In this also I would like to add up one more point, that for the maximization of this facility and to take the advantage of the present situation, we have already tied up with the electric steel manufacturers for next three years. So on the electrical steel side, our next three years requirement is already tied up with the reputed mills. I would not like to disclose the names here. So the raw material of this product is being tied up by completely. And apart from that on the copper side also, we have already tied up with the reputed people with the companies. So next two years, copper requirement is also been taken care of.

**Dhruv Agarwal:** Okay, fine sir. And the last question I would like to ask is, how is the demand outlook on the IDT transformer side and what kind of margins are there in this as compared to the power transformers? As going ahead will your focus be on power transmission or will it be on the distribution transformers seeing the huge demand due to the renewable energy and on the socket connected transformer and STATCOM transformer, how do you see the demand outlook, sir?

**Jitendra Mamtora:** Dhruv see, IDT transformers are different than power transformers. IDT transformers are huge in numbers. And there the margins will be less but the cash flow will be much better than in the power transformers because it is all in cash. And so we get the payment, full 100% payment before the transformers are delivered. As soon as it is tested, we get them. And there is no waiting period in the sense that after the transformers are ready for dispatch.

They immediately lift it because it is -- the whole project waiting for the transformers to be shipped to the site. So, the margins will be little less as there are many players. But because of the quality issues we are getting the preference, and we get a percent or two more than the other non-regular suppliers or the large suppliers. As far as the power transformers are concerned, there is a huge demand. STATCOM, also customers for the STATCOM are also required in plenty.

And then we are getting approved by the utilities there. And the Scott connected transformers which are mainly used by the railways, as far as I know, our design is approved by railways and we have started, we have already got the orders. We have the orders but we have to give one transformer, we have to get one transformer tested. So that has been done, and it is approved. So now that revenue will also be open for us.

And the demand is going to be huge for the railways, mainly because the, all the entire railways, they are increasing the speed of the trains. And when they are increasing the speed of the trains,

the power requirement is more than what it used to be earlier. And so, they have to replace all these transformers. And that is where the Scott connected transformers are in the picture, and are in the demand.

**Dhruv Agarwal:** In your current order book, can you just give this breakup of IDT transformer, Scott connected transformers and the STATCOM transformer. Like what kind of order book?

**Chanchal Rajora:** Dhruv, we would not like to disclose all these things at this forum. If you want you can connect it to me. I can provide you the details.

**Dhruv Agarwal:** But this last one thing, like going forward are we seeing any huge order from this STATCOM or Scott connected transformers. Like feeling the huge TAM that is having in the railway.

**Chanchal Rajora:** Incoming quarter itself we are expecting this.

**Dhruv Agarwal:** Okay. Thank you. Thank you so much, sir. Good luck.

**Moderator:** Thank you. The next question is from the line of Sukant Garg from Equible Research. Please go ahead.

**Sukant Garg:** Hi. Thank you for giving me the opportunity. My question is basically regarding the order book. My first question is basically regarding the order book. Could you please bifurcate from which major sectors we are receiving this order book from? As you have mentioned there are many sectors in the PPT.

**Chanchal Rajora:** Sukant, basically if you see my investor presentation PPT, we have clearly mentioned that my present order book is around 46% is coming from the industrial customers. 11% is coming from the state transport, and balance 43% is coming from the central utilities. And we talk about the central utility. It is majorly basically the power grid which is from where we are getting the orders.

**Sukant Garg:** Okay. Thank you so for that. And secondly, my second question is when you say that we have an order book of INR3,500 crores in hand, and we have already got INR1,031 crores of new order enclosed. That makes it INR4,500 crores I believe. And by what time we expect the delivery to happen, you know a maximum time of this INR4,500 crores?

**Chanchal Rajora:** The INR3,500 crores order what we have is the delivery time of these is the next 15 to 18 months' time.

**Sukant Garg:** Okay. And for this INR1,000 crores, the new order inflow of Q1, is that included in that INR3,500 crores?

**Chanchal Rajora:** That INR1,500 crores order book includes this INR1,000 crores order also. The order book of INR3,500 crores what we have as on the 30th September will be delivered in next 15 to 18 months' time.

**Sukant Garg:** Okay, thank you. Thank you, sir. Thank you very much. That's all from my side. Thank you.

- Moderator:** Thank you. The next question is from the line of Ajay Bodke from Padigree Advisory Private Limited. Please go ahead.
- Ajay Bodke:** Congratulations on posting impressive set of numbers. Sir, I have two questions. First is if I look at the cash flow from operations, this deterioration from minus INR14 crores to around INR37 crores. And also, on the pre-cash flow from minus INR21 crores to minus INR0.7 crores. By when does the company expect to be positive on the free cash flow front? That's the first question.
- And secondly, insofar as ROE and ROCEs are concerned, what are the internal targets that the company has over the medium term for ROE and ROCE? And last submission I have is in the presentation, investors would really appreciate that in addition to the P&L, you also include the balance sheet numbers and the cash flow numbers for the first half and the year-end presentation. That will really be helpful, sir. Thank you very much.
- Chanchal Rajora:** Ajay, first of all, your first question is that we are already cash flow positive on operational level also. Second question is that if you want to see my balance sheet, we already hosted our H1 -- H2 balance sheet and profit and loss on the Stock Exchange. You can download from there, and also from our website. What was the second question? There's one question also I missed, which one was it?
- Ajay Bodke:** In terms of the targets for ROE and ROCE, what are the targets here?
- Chanchal Rajora:** My ROC, I think my ROC right now is around 11% level, right. And we have set up our internal targets, and we are actually slowly, slowly working on those directions. And last three quarters, if you see last four quarters, if you see slowly, slowly, the things have been improving on those directions also.
- Ajay Bodke:** Okay. Thank you very much for taking my questions, and wishing you all the best.
- Chanchal Rajora:** Thanks a lot. Thanks for your wishes.
- Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Hello. Good evening, sir. Thank you so much for taking my question. A lot of my questions have already been answered. So just wanted to know like we have like, kind of aggressive growth targets. Like I think you were saying FY '26, INR3,500 crores, and this year also INR2,000 crores. So, any kind of risk we see, kind of like something that can be a roadblock or just like how do you see the environment? Everything going good, but then is there something that looming in the corner that can hamper us?
- Chanchal Rajora:** Darshil, basically if I am targeting INR3,500 crores in next financial year, it is based on the order book, what I have right now. And the negotiations which are basically going to realize in next coming quarter and or two is based on that. And we don't foresee any risk into that. Second point is that in terms of the long-term risk is concerned, as far as our concern is there, our industry is concerned, next five to six, seven years, we don't foresee any risk in this industry.

- Darshil Jhaveri:** That's great to hear, sir. Yes, that's it from my side sir. Thank you. All the best, sir.
- Chanchal Rajora:** Thank you.
- Moderator:** Thank you. The next question is from the line of Yash Mehta from Aart Ventures. Please go ahead.
- Yash Mehta:** Thank you. My question has been answered. Thank you.
- Chanchal Rajora:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ganeshram from Unifi Capital. Please go ahead.
- Ganeshram:** Thank you. So, I'm back. So I just wanted to understand one more thing. So we haven't started taking any orders on the IDT transformers yet, right?
- Chanchal Rajora:** Ganeshram we already have the -- we are already producing the IDT transformers. It is not that it is a new thing. What I said is that we have not started taking orders for our new facility which we are come up from the January onwards because our Chairman and MD is on a very clear -- they have given us a very clear direction, till we have 95% completion of the facility no order will be taken for that. So that is the reason we have not taken the order for the additional 15,000 MVA which is going to be start from the next, early next year.
- Ganeshram:** Got it. This is the new capacity where you're saying you can make about 100 transformers a month and it's fully automated that one, right?
- Chanchal Rajora:** Yes.
- Ganeshram:** So, in the INR2,000 crores guidance that you sort of given for top line, we don't include any numbers from this?
- Chanchal Rajora:** It is not that.
- Ganeshram:** It's not that. Okay and then one more thing I just wanted to understand on the margin side of things was earlier we suggested that margin for the full year would be similar to Q4 of last year, but we already exceeded that in Q1 and Q2 and to sort of hit INR2,000 crores the next two quarters will only be stronger from where we are right now.
- So why do we then feel like margin will still end up maintaining at the current levels, what is happening between the top line and EBITDA that we might be missing out? Is it growth in overheads because of the new capacity?
- Chanchal Rajora:** Ganeshram, first of all thank you for reminding me about Q4 and now. And I hope that it is a positive things and positive sign which is happening. You all will appreciate it. I agree on that. Now coming back to your question, Ganeshram, is that margins which are basically we keep disclosing or we keep getting it is based on the delivery terms, delivery of the product what we have in hand.

And there are maybe possibility that we might be having some product which may have a little bit less margin. We might be having some product which may have the more margin as compared to the other products. So this margin percentage may vary little bit here and there. And being a finance guy and being a Marwari mentality guy, I would like to be on the conservative side as far as the margin is concerned. You will be more happy that if I tell less and deliver more.

- Ganeshram:** That's a good problem to have. Thank you.
- Moderator:** Thank you. The next question is from the line of Surabhi Saraogi from SMIFS Capital. Please go ahead.
- Surabhi Saraogi:** Okay. Thank you for the opportunity. Sir my question is what is the order inflow that you are expecting in H2 and next financial year?
- Chanchal Rajora:** Surabhi, If I want, I can take the order of INR1,000 crores every month. That is the vicinity I have it.
- Surabhi Saraogi:** Okay. And sir can you throw some light on this INR18,000 crores order pipeline?
- Chanchal Rajora:** What light do you want me to throw in this?
- Surabhi Saraogi:** Like at what stage it is and how much out of this do you hope to secure and by when?
- Chanchal Rajora:** Surabhi these orders are at different levels. Few may be on the very advanced level which may be getting in next quarter time, few will be next fourth quarter time or few will be on coming next financial year, but if you see the -- our presence and our expertise side, yes around 25% to 30% order strike ratio is there out of this.
- Surabhi Saraogi:** Okay. And sir one last question is can you give some outlook regarding revenue breakup for quarter 3 and quarter 4?
- Chanchal Rajora:** We have, I think our Chairman and myself both have told in our speech that guidance which we have given at the beginning of this year will remain intact.
- Surabhi Saraogi:** Okay sir. Thank you. That was helpful.
- Chanchal Rajora:** Thank you.
- Moderator:** Thank you. The next question is from the line of Dhruv Agarwal from Niveshaay Investment Advisors. Please go ahead. Sorry to interrupt you sir. May I request you to please use your handset?
- Dhruv Agarwal:** Better ma'am?
- Moderator:** Yes sir.

- Dhruv Agarwal:** Sorry on the green hydrogen project sir where the demand is around 2,300 transformers annually. How is the demand outlook on that sir and going forward how many players like would be there in this and from this how much would still be able to cater from this sir?
- Jitendra Mamtora:** Dhruv, as on today we are the only qualified supplier for the hydrogen transformers. What is unfortunately happening is all the projects which were expected to start early next year has been delayed for some reasons or other maybe because of the viability or the margins which they expect from that. So the projects are delayed, but we are today the only qualified supplier for the green hydrogen transformers.
- Green hydrogen or manufacturing hydrogen. So they are the rectifier transformers and we are the only qualified supplier. There is no competition from India as on today. I don't know what is going to happen if the availability of the transformer is not there. If they are unable to supply them in time they may risk with somebody else or they may import it from China. Otherwise, there is no other manufacturer who is today qualified for supplying those transformers.
- Dhruv Agarwal:** Okay. So, sir like right now how is this market right now? Is there any orders coming towards you as you are the only qualified players and what kind of margins are there in this sir?
- Jitendra Mamtora:** The margins all these transformers when they come, they will be large in numbers. So you can't expect more margins than what you are getting today. And we wouldn't like to charge more or increase our margins in those transformers to attract other competitors. We would like to keep our margins safe or at a reasonable level so that no other manufacturer can get into. This is what our strategy is.
- Dhruv Agarwal:** Okay. So are there any orders like pitching into the market or is it something like how is the market outlook on this?
- Jitendra Mamtora:** All the projects are delayed. We have supplied some transformers to GE for American market. That's all after that nothing has come so far, but it should come anytime. Once they are ready with the -- because the project itself will take their own time. The main thing is the converters which they want or electrolyzers all the large players like Adani or Reliance, they want to establish their own plant for manufacturing of electrolyzers. So, it is in very preliminary stage I would say as far as India is concerned.
- Dhruv Agarwal:** Okay. On international side also there are no such demands or something like that, sir?
- Jitendra Mamtora:** We have started receiving the inquiries, but it is at a slow pace.
- Dhruv Agarwal:** Okay. Right sir. And just last one question sir, as we are targeting around INR2,000 crores in FY25 top line, sir. So till now till quarter 2 we have already done around INR800 crores of revenue. So the run rate from quarter 3 should be around INR600 crores. So is it achievable in order to cater for that INR200 crores of top line sir? Is it achievable to have this INR600 crores of run rates from quarter 3?
- Chanchal Rajora:** Dhruv basically the production planning and delivery planning what we do, we do based upon the delivery terms and dispatch schedules. So whatever is the dispatch schedule is there based



on that production planning is done and we have the vicinity of the display schedule. So based on that we are coming up with that number and as of now I speak to you, we are firm on those numbers and 100% those will be delivered.

- Dhruv Agarwal:** Okay. So we are very confident of achieving the run rate of INR600 crores from quarter 3?
- Chanchal Rajora:** I don't think that I said that we will do INR600 crores, but I said that we will achieve the target what we are guiding for.
- Dhruv Agarwal:** Okay, sure sir. Okay. Thank you so much for this guidance.
- Moderator:** Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.
- Agastya Dave:** Thank you very much sir, and congratulations on great performance. It's great to see the company really turning around now. Sir, I have just two questions. One is a previous participant was asking you about capacity utilization? So can you share those numbers for last 2 years and also for the first half, if you have set up numbers, would do?
- Chanchal Rajora:** Okay. Agastya, in last year we have actually delivered around 50% of the capacity utilization. And this year, we are aiming around 75% to 80% capacity utilization level. But I would like to add up one more thing is there, the more we will be delivering the numbers in units, in the higher number, we will be increasing our internal capacity in house itself.
- Because the thing is, majority of the orders, what we have right now are of the repeat design levels where the design interventions are not there. So, the production time and the turnaround time will reduce quite largely. Today I have the capacity of around 14,000 MVA annualized, this capacity can easily go up to 20% higher with this kind of the operational efficiency things.
- Agastya Dave:** So that was exactly my -- the clarification that I wanted to ask. So, this 50% and 75% at what day should we take in terms of MVA? So, basically sir, can you share the volume numbers?
- Chanchal Rajora:** It was based around 37,000 MVA level.
- Agastya Dave:** And that 75% target is also on 37,000 or are you including 3 months of the new capacity?
- Chanchal Rajora:** Let me tell you, this year when we will be concluding this year, we will be delivering somewhere around 40,000 MVA, and still we will have some capacity to be utilized.
- Agastya Dave:** My second question and last question is on the working capital side. So, there is a substantial improvement, it looks like on your receivable side, during the first half, receivables have not spiked. So, sir, as you scale up your revenues and you start approaching your \$1 billion turnover numbers, what kind of receivables would you be comfortable with? Because you have also set a target for yourself to become debt free. So, receivables as a percentage of revenues have to come down drastically. So, first of all, what steps are you taking and what level of working capital should we assume going forward?

- Chanchal Rajora:** Agastya, my wish is to have zero day receivables. But practically that is not possible, right. So that is the one thing. But yes, we are targeting receivable levels of around 90 days in next 3 years' time. The steps what we have done is this, the first and more important steps what we have done, slowly, we are converting all entire industry customers, private industries or industrial customers to the LC basis. And by and large we are successful in that. Almost all the big houses are either on the LC or on the vendor financing for us.
- Second, what we have done is that where particularly when it comes to the utility, in last year what we have done and early this year, what we have done is that we have started delivering on the zero shortages basis. So that as soon as the Transformer reaches there, we got the clearance and our payment gets in process, right. That is one thing.
- The biggest improvement what we have done is and we could able to do it that we could able to eliminate the customers who are the bad pay masters from our order book. That is helping us in a by and large manner and we are targeting into that. Even if a customer is giving me the 10% margin and his payment term is bad, I would like to not to deal with that customer.
- So that is, I have a very simple theory. One of my very close friend, who is one of the very big Investor into the Investor Industries, he keep telling me that Chanchal, if my money is with the village, then what is the point of doing this business. So we work on that direction that we are first focusing on the collection and then we will be doing the business.
- Agastya Dave:** Sir, this improvement to 90 days, would it be linear or would it be back ended or would it be front ended? If I look at the next 3, 4 years?
- Chanchal Rajora:** It will be composite of all.
- Agastya Dave:** Okay sir, thank you very much for your answer, sir. Thank you very much, and all the best.
- Moderator:** Thank you. The last question is from the line of Chandan Kumar who is an Individual Investor. Please go ahead. Mr. Chandan, I would request you to unmute your line and speak sir.
- Chandan Kumar:** First of all, I want to congratulate you on this good performance. My question is your debtor days is approximately 174 days which has increased from last year. And cash conversion cycle is also increased from last year, which is 188 days. I want to ask you what measures you are taking to reduce this, sir.
- Chanchal Rajora:** Chandan, I think I have addressed this issue three times already in this entire conversation. I addressed this and I also explained that why, what is the composition of my debtor is. So, this issue, I think I have addressed it on the number of times also into my various discussions also. Can you take next question please?
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today.
- Chanchal Rajora:** You can take the questions from Mr. Raj Saraf and Kunal Bansal, because they have been waiting since long.

- Moderator:** Sure sir. The next question is from the line of Raj Saraf who is an Individual Investor. Please go ahead.
- Raj Saraf:** So, first of all, I should take the opportunity to congratulate on the blockbuster number you posted. Most of the question has been answered. But I need some more color on this organic and inorganic growth avenue which you said in the presentation that are in advanced stage. The timelines and the revenue opportunities for that.
- Chanchal Rajora:** Raj, thank you very much, and first of all, and I'm sorry that you have been kept waiting on this, where you have been very patient on this thing. Raj, this organic, inorganic acquisition growth, what we are talking about that. This is timeline as I already told you that it may take a couple of months to get into the entire board into that. But if you see the revenue size, it may add up around INR700 crores to INR800 crores revenue on the first year itself in our books.
- Raj Saraf:** So, the follow up question for that, sir, if it is going to conclude within this financial year, then there should be a revenue opportunity for this year also. So, we can very well overachieve the guidance you have given for this FY '25. Am I getting it correct?
- Chanchal Rajora:** That might be the possibility.
- Raj Saraf:** Yes. Thank you very much. I hope you should maintain the same growth trajectory for the company, and we should achieve the new heights. Thank you very much.
- Chanchal Rajora:** Thanks for your wishes, Raj.
- Moderator:** Thank you. The next question is from the line of Kunal Bansal who is an Individual Investor. Please go ahead.
- Kunal Bansal:** Yes hello. Sir, thank you for the opportunity. I have one question with respect to the CRGO. You said that we have already contracts in place for the supply. But as we understand, the price of CRGO is continuously increasing. So, with respect to this, do we face any challenges to our margins?
- Chanchal Rajora:** Kunal, the price has now stabilized. Second point is that since the Government of India has started approving the BIS certification for the other mills also, we do see that the price correction is going to come pretty soon. Second point is very recently they have also given the BIS to the POSCO who is a major player, and POSCO will start supplying the material from the early next month onwards basically from December onwards itself. So, price correction is going to be take place pretty soon in this thing. Third point is that your another question is that we do have the pass-through facility with the most of our customers. So, we don't feel any challenges on this side. It doesn't impact on our money.
- Kunal Bansal:** Understood, sir. Thank you so much.
- Moderator:** Thank you. The last question is from the line of Khushi Jain from Padigree Advisory Private Limited. Please go ahead.

- Khushi Jain:** Hello. Congratulations on your great numbers. I have a very small question. It's regarding your consolidated cash flow statements. When do we expect the consolidated cash flow statement, the net cash from operating activities to be positive, because currently it shows a INR37.59 crores negative number.
- Chanchal Rajora:** By the end of this financial year, Khushi.
- Khushi Jain:** Okay. Thank you so much, sir.
- Moderator:** Thank you. Ladies and gentlemen. We will take that as the last question. I would now like to hand the conference over to the management for closing comments.
- Jitendra Mamtora:** Thank you, all the participants. We thank you very much for joining us. And we hope you are satisfied with the queries which are answered to your satisfaction. Thank you very much.
- Moderator:** On behalf of Nuvama Institutional Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.