February 12, 2025

To,
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051
NSE Symbol: RISHABH

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street,
Mumbai – 400001
BSE Scrip Code: 543977

Dear Sir/Madam,

Sub: Earnings Conference Call Transcript for Q3 – FY 2024-25.

Please find enclosed herewith the copy of transcript of the Earnings Conference Call held on February 7, 2025 in respect of Unaudited Standalone and Consolidated Financial Results for the Quarter and Nine Months' ended December 31, 2024.

Kindly take the same on your records.

For Rishabh Instruments Limited

AJINKYA JOGLEKAR
Digitally signed by AJINKYA JOGLEKAR
Date: 2025.02.12 15:25:16 +05'30'

Ajinkya Joglekar
Company Secretary and Compliance Officer
ICSI Membership No.: A57272

"Rishabh Instruments Limited
Q3 FY25 Earnings Conference Call"
February 07, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 07th February 2025 will prevail.

MANAGEMENT:	**MR. DINESHKUMAR MUSALEKAR – WHOLE-TIME DIRECTOR – RISHABH INSTRUMENTS LIMITED** **MR. VISHAL KULKARNI – CHIEF FINANCIAL OFFICER – RISHABH INSTRUMENTS LIMITED** **MR. ANAND LADDHA – FINANCE DIRECTOR – LUMEL – RISHABH INSTRUMENTS LIMITED**
MODERATOR:	**MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Rishabh Instruments Limited Q3 FY '25 Earnings Conference Call hosted by DAM Capital Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors. Thank you, and over to you, ma'am.

Bhoomika Nair: Yes. Hi. Good evening, everyone. Welcome to the Q3 FY '25 Earnings Call of Rishabh Instruments. We have the management today being represented by Mr. Dineshkumar Musalekar, Whole-Time Director; Mr. Vishal Kulkarni, CFO; and Mr. Anand Laddha, Finance Director, Lumel. At this point, I'll hand over the floor to Mr. Musalekar for his initial remarks, post which we'll open up the floor for Q&A. Thank you, and over to you, sir.

Dinesh Musalekar: Yes. Thank you, Bhoomika. Welcome, and good evening, everyone. Thank you for joining us on Rishabh Instruments Limited Q3 and 9 months FY '25 Earnings Conference Call. Along with me on the call, I have Mr. Vishal Kulkarni, our CFO; Mr.Anand Laddha, Finance Director, Lumel and our Investor Relations Advisor, SGA.

We have uploaded Q3 FY '25 results and investors presentation on the stock exchanges already. And I hope some of you at least must have had a chance to go through the same. If not, I would request you to go through the same after this call. I'm happy to state that we have achieved a consolidated revenue of INR1,812 million in Q3 FY '25, registering a growth of 13.7% on a year-on-year basis and 9 months FY '25, we have achieved revenue of INR5,329 million, registering a modest growth of 4.1% on a year-on-year basis.

This calendar year has been a challenging journey for us at Rishabh Instruments, particularly within the Lumel Alucast business. We encountered several hurdles including the economic downturn in Europe, rising power costs, increased manpower expenses and higher raw material prices. Compounding these issues, we were tied to older contracts that were signed pre-COVID, a time when market conditions and costs were vastly different.

Despite booking some losses, we managed to navigate these difficulties by renegotiating and changing the terms of these contracts. This was not a small feat given the significant surge in costs post COVID and post Russia and Ukraine war. Fortunately, our patience, resilience and strategic adjustments helped us steer through these turbulent times. In our Alucast aluminium die casting business, performance remained relatively flat on the year-on-year basis.

Lumel Alucast reported a modest growth of 6% year-on-year Q3 FY '25, while its performance for the first 9 months of FY '25 remained unchanged compared to the same period FY '24. The challenges stemming from the automotive industries over the past few quarters are now showing signs of stabilization. Notably, Q3 FY '25 we successfully spinned off our EBITDA margins by 1,000 basis points on a quarter-to-quarter basis, reaching minus 3.7% compared to minus 14% in Q2 FY '25.

I just want to repeat this sentence because we spoke about that in our previous calls also, we had all the challenges, but the last quarter, we have seen a reverse trend already happening. Our EBITDA from minus 14% dropped to minus 3%. So that's a large improvement we made in the -- in plugging those bleeding which was already happening in our Lumel Alucast business.

This significant improvement was driven by our persistent efforts to renegotiate contracts with key customers and implement stringent cost control measures. We are optimistic that the worst is behind us and believe we are on the right path to transforming the Alucast business in the coming quarters. Our goal is to achieve breakeven at EBITDA level marking a critical milestone in our turnaround strategy in the next one or two quarters.

On the positive side, our electronics business at Lumel S.A. Poland and Rishabh India have been gaining strong momentum driven by growing commitment to industrial automation and global shift towards clean energy sources. Lumel S.A. achieved a remarkable year-on-year growth of over 19% in its 9 months FY '25 top line, while Rishabh domestic business in India saw an impressive expansion of 19% year-on-year.

We are actively strengthening our capabilities in domestic market and building a robust team to support and sustain the growth journey. We are witnessing an increasing demand in the electronics business, both in India, Lumel S.A. and domestic markets on back of our expertise in providing value-added services across automation and turnkey projects.

The electrical business - electrical automation industry is rapidly growing in some of the European nations and has been instrumental to gain additional market shares. The top line of Rishabh Electronics business in India also experienced a growth of 31% and 3% year-on-year, both on a quarterly and 9 monthly basis respectively. Though, here we witnessed export being slowed during the quarter, primarily attributed to vehicle demands in Spain and Germany.

Additionally, Q3 historically been a weaker period for exports due to holidays in international markets. Despite these challenges, we remain focused on adapting to market dynamics and driving long-term growth. Our electronics business aims to provide comprehensive solution to clients who look for environmental friendly and cost-effective ways to measure, control, record, analyze and optimize energy and processors and has generated above par growth primarily in Lumel S.A.

The electronics business has achieved a steady and stable EBITDA margin of approximately 17% to 18%. Q3 FY '25 is cyclically weak quarter for exports due to prolonged holiday seasons in international markets even during this soft quarter, our revenue remained flat on a quarter-over-quarter basis as compared to Q2 FY '25, which is normally a superior quarter compared to others.

Further, our focus on cost optimization initiatives in Q3 FY '25 and strategic contract renewal enabled us to achieve a remarkable 200% growth in EBITDA on a quarter-to-quarter basis. Our profit after tax has surged by 225% over the previous quarter, underscoring the effectiveness of our efficiency measures and operational resilience. These results reflect our commitment to driving profitability and optimizing our business model despite external challenges.

Further, our expansion in our existing facility at Lumel S.A will enable us to better meet the production requirements of global customers while significantly reducing delivery times. The growing number of inquiries and orders of our products is a testament of superior quality and reliability and adherence to stringent norms.

Furthermore, for certain countries, the Made in Europe label is mandatory requirement. By complying these standards, we are further solidifying our market presence and strength in the European region. In another proud achievement, Lumel S.A. has been honoured with three prestigious awards in the last few months that we have received.

First one is Forbes Magazine, Diamond 2025 Award, a symbol of financial excellence and innovation. This award recognizes organizations that have demonstrated significant revenue growth, financial resilience and exceptional management practices over the last 3 years. So this award is given to the top 50 small and medium-scale companies in the entire Poland as a country and we listed in -- as one of the company there.

Second, significant award we received for Lumel S.A. is Business Gazelles 2024, 3 years of consistent market growth. The Gazelles Business 2024 title by Puls Biznesu, a prestigious distinction awarded to companies that have maintained dynamic growth over the past 3 years as one of the Poland's most respected ranking for small and medium-sized enterprises. This award is based on objective financial criteria, ensuring transparency and credibility. This is similar to ET Awards in India.

Innovation Award from the Marshal of Lubuskie Voivodeship, this is like a state in Poland country, named Lubuskie. And this is a government award. Lumel has secured first place in the innovation category for medium-sized enterprises in the Lubuskie Voivodeship region, presented by the Marshal of Lubuskie Voivodeship. Marshal is equivalent to Chief Minister there. This award recognizes Lumel's ongoing commitment to research and development, technological progress and innovation-led market leadership.

This accolades reflect our strategic focus and unwavering commitment to technology, sustainability and financial strength. Our outstanding results we have achieved, validate our approach and underscore our dedication of excellence. Our commitment to technology, sustainability, financial strength have yielded outstanding results, and these distinctions validate our approach.

We are proud of our team whose unwavering dedication and expertise have enabled us to achieve these milestones. These awards strengthen our long-term vision and inspire us to achieve even greater success in future. This accolades reaffirm Lumel's sustained market leadership and operational excellence.

As we move forward, we remain focused on driving revenue growth, enhancing shareholder value and advancing technological innovation that will shape the future of our industry. We extend our sincere gratitude to our employees, investors and partners for their continued support on this transformative journey.

Moving forward, towards our Solar String Inverters business which is gaining good traction. We saw a growth of 35% in this quarter. We have also appointed a new team lead to scale our solar inverter business. He comes with 13-plus years of experience in various companies like Fimer, ABB, SMA. Solar inverter segment revenue has increased by 28% on a year-on-year basis for 9 months FY '25.

This business is steadily gaining momentum with increased efforts of cost optimization already in place. We also plan to develop and launch new generation of NEO, a 3-phase inverter and UNO, which is a single phase inverter to align the products to various government solar schemes announced to remain competitive in the Indian market.

Let's talk about the update on capex and R&D measures taken during the quarter and other key highlights that happened during this quarter. On capex front, we are further expanding our electronics manufacturing capacity by adding the state-of-the-art new SMT, Surface Mount Technology lines both at Rishabh, India and Lumel S.A. Poland by end of this financial year, which will support growth in our electronics products, EMS and solar production.

The construction work of our Nashik facility is shaping up very well and on time. This new 6-storeyed buildings, two of them will double our capacity across all core segments in the electronics and instrumentation business. This is expected to be completed before end of next financial year. For the past, we have consistently invested in our R&D initiatives. Our China subsidiary, V&A which presents promising opportunities for new product development, recently designed and developed 100 amps direct current energy meters, making a significant milestone.

Our R&D efforts are ongoing, and we will share further updates as our plans progress. We are confident that these investments will yield strong returns in the future. We have successfully UL certified the large range of current transformers manufactured in Rishabh Instruments and very high-end power quality analyzers ND45, which is manufactured in Poland.

This opens our doors to American markets because to sell these products in America, we need to have UL certification, which is very stringent, and we have gone through this process. And we'll be adding more and more products to this UL certification to open the market in U.S. substantially in the coming months and years.

We have about 15 products in pipeline to be added by financial year '26. We target to achieve about 10% incremental revenue from the new products launched in the last 2 years. We also actively invest about 2% of our revenues in our R&D facilities to innovate design and develop new products in-house.

Lastly, I'm thankful to our entire team of Rishabh Instruments, Lumel, V&A, Sifam Tinsley who have constantly supported us in our ambition to become the leading global energy efficiency solution company.

With this, I would like to hand over to Mr. Vishal Kulkarni, our CFO, to delve upon financial performance of the group. Thank you. Over to you, Vishal.

Vishal Kulkarni: Thank you, sir. Good evening to everyone. Our Q3 FY '25 consolidated revenue stood at INR1,812 million, showing a growth by 13.7% on a year-on-year basis. The 9-month FY '25 consolidated revenue stood at INR5,329 million, registering a modest growth of 4.1% on a year-on-year basis. The consolidated adjusted EBITDA remained at INR172 million in Q3 FY '25, up by 70.9% on a year-on-year basis.

And for 9-month FY '25, the consolidated adjusted EBITDA remain at INR418 million, which is down by 43.6% on a year-on-year basis. The consolidated adjusted EBITDA margin stood at 9.5% in Q3 FY '25, whereas it is 7.9% in 9 months FY '25. The consolidated PBT stood at INR109 million in Q3 FY '25 and INR211 million in 9 months FY '25. The ESOP expenses for 9 month FY '25 stood at INR96 million, and we expect another INR19 million to be booked in FY '25.

Now I will go through the company-wise key financial highlights, Rishabh India. The stand-alone revenue for Q3 FY '25 stood at INR592 million, which is up by 29.3% from Q3 FY '24. The 9-month FY '25 standalone revenue stood at INR1,708 million, which is up by 3.2% from 9 months FY '24. The stand-alone adjusted EBITDA stood at INR73 million for Q3 FY '25, down by 3.5% on a year-on-year basis.

For 9 months FY '25 stood at INR254 million, down by 31.9% from 9 months FY '24. The stand-alone adjusted EBITDA margins remained at 12.3% for quarter 3 FY '25 and remain at 14.8% in 9 months FY '25. Lumel S.A., our electronics business in Poland has achieved the revenue of INR515 million in quarter 3 FY '25, up by 4.7% on a year-on-year basis and achieved a revenue of INR1,570 million in 9 months FY '25, up by 19.3% on a year-on-year basis.

The adjusted EBITDA stands at INR111 million for Q3 FY '25, up by 19.5% on year-on-year basis. For 9 months FY '25, adjusted EBITDA stood at INR309 million, up by 13.9% on a year-on-year basis. The adjusted EBITDA margin stood at 21.5% in Q3 FY '25 and at 19.7% in 9 months FY '25.

Lumel Alucast, our aluminium die casting business in Poland has shown a growth of 5.8% in revenues in Q3 FY '25 and remain INR632 million. The 9-month FY '25 revenues stood at INR1,910 million, showing modest degrowth of 2.1%. The adjusted EBITDA stands at negative INR23 million in Q3 FY '25 and negative INR151 million in 9 months FY '25.

All other companies in U.K., U.S.A. and China have grown by 3%, 33% and 24%, respectively, in revenues and have contributed an EBITDA of INR3.4 million to the consolidated financials. On the consolidated level, we remain net debt-free with a strong balance sheet. Net cash and cash equivalents as on 31st December 2024 stand at INR776 million. The company remained net debt free as on 31st December 2024.

With this, I shall now leave the floor open for Q&A. Thank you.

Moderator: Ladies and gentleman, before we begin with the Q&A session, I would like to read out a small disclaimer. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance of the company and may involve risk and uncertainties that are difficult to predict. Thank you. First question is from the line of Ravi Shah from [inaudible 20:44]. Please go ahead.

Ravi Shah: First of all, sir, congratulations on receiving awards at Lumel SA. And so my second -- my question will be, how has the electronics business performed during the quarter? And is this onetime growth due to any order or do you see this growth of sustainable 15%, 20% for this segment going forward?

Dinesh Musalekar: Okay. Ravi Shah thanks for your wishes. And if you look at electronics business, it has been very stable and consistent and if you look at our historical track record also, Lumel SA, these awards, which we got, we have about 20% approximate year-on-year growth for the last 3 years in a row.

That's why we got those awards. And if you look at Rishabh Electronics business also, a similar growth is there, about 15% to 18%. So this year, in Rishabh Electronics business, if I look at the domestic sales, Rishabh Electronics business, we have got two parts. One is 50% of the sales happen in India, which we have got 19%. So this is sustainable, and we have been having that number last 3, 4 years continuously.

The export business last year was a onetime high last year. So we had a very huge growth of Rishabh export business, which did not -- there was a decline because that was a project order. So now we see, again, it going back. And if we have to offset that, otherwise, we have this steady growth of anywhere between the 17% to 20% for electronics and with the EBITDA of anywhere between 17% to 20% based on different entities we have. That's very much sustainable, and our track record also shows that, and we have absolutely no doubts on that.

So all those turbulence, which we had were basically coming out of Lumel Alucast business, and Rishabh export this year in the first 2 quarters was -- I would say it was low compared to last year. But last year, in the last financial year, first two quarters, we had some big project orders. That's why that difference was looking, but those kind of orders have also started coming back now. So we don't see much of a problem on the electronic side of the business at all.

Ravi Shah: Understood, sir. I just had another question on the auto side and non-auto business for Lumel Alucast. So are there pressures persistent over there? Or have we successfully turned it around at an EBITDA level? I just wanted some understanding there.

Dinesh Musalekar: Yes. That's really I was expecting that question. It's a very important question that we were asking ourselves in the company alsoand as shareholders, you have a full right to ask that question. See the -- if you look -- I'll give you a little bit of a bigger landscape and then we come to our company.

If you look at European auto industry, which is in a big turbulence. I mean, you'll hear about a lot of even companies like Volkswagen and many companies are closing down or the revenues have dropped substantially or they have losses, etcetera. So the environment is challenging there.

And that challenge is coming because of EV car revolution, which is happening in this industry. And unfortunately, in the EV industry, Chinese are about a decade ahead of Europeans. This is a fact whether somebody accepts or not. So now there's a lot of pressure from the governments to come up with the EV cars at a price which is competitive with Chinese, which is a challenge, which has created all these disturbance in the whole industry because the government is putting a lot of pressure on the carbon footprint.

On the other side, the technology in Europe is not good enough to produce cars with that cost effectively or competitive to Chinese cars. So we are in that supply chain. And unfortunately, when we entered into these contracts, we are really, really proud because we were getting into a cutting-edge technology on the EV cars, etcetera, that has kind of a little bit backfired to all the people who were involved in these projects.

So what we have done now is we went back to this big customers and talked to them, look at this situation we have. We signed this contract but we are not making any money. This is not going in a good direction. So we have to renegotiate the terms, and we have to renegotiate the prices.

Of course, they have a commitment to their suppliers, and it's all water tight, very stringent agreement that we have, and we had to relook and we renegotiated with our customers to limit our losses and also to get a price increase. So effectively, with all the automotive customers with all this price increase, we have been effectively able to get some price increase in this year and also continuing in the next year.

But also some of the contracts we mutually agreed that we will discontinue them. Until they relocate these projects, some of them are getting relocated to China because of the cost pressure, and we'll supply them until such time, but not at the price at which we have signed the contract, but we want to have a price which we negotiated. We will -- with the increased price, we will supply until such time.

Some of these contracts will get over in 3 months, 4 months, 9 months, something like that. So about 1 year, this will be going out. So if you see the drop in Lumel Alucast sales, 2% drop is there, this is engineered. We wanted this drop to increase our profit. At the same time, we are more active on the nonautomotive side, and we are increasing that.

So if you look at our whole -- in the group also, portfolio, we used to be close to 40% aluminium die casting business, which has dropped to about 35%, 36%. So that's a shift. That's a conscious shift, which we have made. And most of that drop within that is happening through aluminium -- automotive industry.

So we have spun the whole thing. So it's a matter of next few quarters that these projects will get to 0 profit or some positive profit. On the other side, we will start developing more with the nonautomotive business. And we are confident that we'll get back the EBITDA level to positive double-digit in a few quarters' time. It's not going to happen very quickly because of long gestation period and contractual commitment.

But the good thing is that we already hit the bottom, and we have started our course going up. So that's the thing which I want to say and that's what we have put in our presentations, which are uploaded on the stock exchange also.

Ravi Shah: Understood, sir. Just I was going to ask about the non-auto business, you only mentioned about it. So my last question would be, are there any expansion plans for the EMS business within Lumel Alucast. That's my last question, sir?

Dinesh Musalekar: Yes. So for EMS expansion, we have plans in Rishabh as well as in Lumel SA. In fact, in Rishabh, we recently invested INR8 crores to have a new state-of-the-art SMT line. This entire SMT line increases our Surface Mount Technology, which is used for making the PCBs for computers or any electronic devices that has increased. See we had -- we count something which is called as a CPH (components per hour).

We have got 2 lines. Those 2 lines together, we have -- close to 195,000 CPH. Now this new line alone has got 185,000 CPH. That means our new line, which is state-of-the-art, which is installed, which has a clean room and meets all the requirements of electronic manufacturing has already been more than double the capacity. So this is what we did. And next year, our budget will be focusing more on EMS business in India, which is a big thing.

And in Lumel, also, we have 3 SMT lines. Fourth one will be up and running by end of this year. That is also going to give one dedicated line for EMS business. To answer your question, yes, that's a focused business for us, and we are making expansions into that, and that will be having effect in the next financial year.

Ravi Shah: Understood, sir. Thank you so much and all the best.

Moderator: Thank you. Next question is from the line of Rohan Vora from Envision Capital. Please go ahead.

Rohan Vora Congratulations on the numbers. So sir, the first question was on the electrical automation business. So now we've hit INR36 crores top line this quarter. And you said that half of it is generally exports, and that was weak last quarter. So anything that has changed on the export part was my first question?

Dinesh Musalekar: Yes. This quarter from Rishabh exports, there is an uptrend. So that has some effect, I would say and the next quarter also, we are expecting the trend to be going. And we are also working on a big project pipeline from many customers in the export market, where we have to modify some of our products and develop some products for them. So that's all on the horizon. So we feel that the export business is going to increase.

Rohan Vora: And sir, which end user industries or which countries would these be on the export side for electrical automation business?

Dinesh Musalekar: Yes. On the electrical automation business, we have strong footprints in a whole European continent, particularly in Germany, Spain. From Rishabh and from Lumel, we have a whole European footprint. That's one big market for us. Second big market for us is Middle East. Middle East is another big region for us. Southeast Asia is moderate. Americas and African markets are moderate, I would say. Trans Asia is also moderate.

But our two big markets are Middle East and Europe, but we see a huge opportunity in U.S. market and to sell the products in U.S., we have to go through UL certification of all your products that I covered in my presentation also, we are doing that. That is a big investment. Every time your product has to go through UL certificate, which is expensive affair. And then we can sell much bigger.

We have an office there. We supply from Rishabh factory and Lumel factory, and we have this brand also STI and under that brand we supply there. And we have plans to grow that market substantially. This we see as a big opportunity for us to sell in U.S. market. That's a market which we have under focus. And then Southeast Asia is another market, which we are looking at to expand.

Rohan Vora: Got it, sir. And sir, the second question was on the auto side of the aluminium die casting business. So we said we are replacing it with non-auto business. So how has the response been there? Any progress on getting in the non-auto clients? And what kind of clients are we looking at?

Dinesh Musalekar: Yes. So on the non-auto side, we have 2 huge -- there are a few big brands, which we have always spoken about. In the aluminium die casting 50% of the business is automotive, 50% is nonautomotive approximately. That 50% nonautomotive business, we have big names like ABB.

We supply to 12, 13 of their plants across the globe from U.K., Germany, U.S.A., Canada, Italy, even in China and India, Bangalore also. So we supply to a lot of their full global supplies we have supplied to Switzerland and in Germany. Then Siemens will supply to three, four locations. So these are some of the big clients we have on the nonautomotive side.

So recently, we also have some big order from one of the nonautomotive client. So it will range into a couple of million euros when it picks up because there, the launch will take 1 year and the annual turnovers will start coming in from '26. So this is one thing which is happening. And also with the existing -- these plants which we supply to our client, we supply to multiple plants of multiple countries and multiple plants and we can increase business with them also once we release capacity from automotive clients.

And automotive also, we don't have anything against automotive clients, but we have learned our lessons and we want to make sure that we keep a lot of flexibility in the contract. We don't want to make rigid contracts. We want to have a window open for making price corrections if things like COVID, things like war happens and things go out of some control that we want to have a window open to renegotiate.

Because we did business with automotive industry for more than a decade. We never had this problem. Our EBITDAs were 18% to 20% in die casting business also, including automotive because they were good times. And now these contracts were signed pre-COVID time and the whole world has changed after COVID, the labour cost, energy cost inflation, everything went very bad in Europe and the contract -- we were stuck with these contracts and the customers were not ready to renegotiate because their customers were also not ready to renegotiate.

And this is some chain effect we had. And unfortunately, this all happened in the last 4, 5 quarters and this is reflecting in our overall group performance. If you keep the aluminium die casting outside, we are far above the market, what has been delivering. I mean, 17% to 18% growth on a year-on-year basis on top line and EBITDA and the similar numbers we have. So -- and we know the issues. We have a plan to fix them and the results have started coming in, and we are very hopeful that this will continue.

Rohan Vora: This was really helpful. Just the last question was on the metering business. So the business has been slightly lumpy recently. So we did around INR89 crores, INR90 crores top line last year and this year, we've done INR60 crores. So what could be the reason for this just for understanding?

Dinesh Musalekar: Yes. So that's -- as I said, some of the export sales have dropped and it's coming from that gap and which we'll be recovering. So we had some big project orders last year, which had helped us. And that's a temporary thing. We are not really worried about our metering business and also we are going to add more into the product basket also there. So a lot of products are also under development. So that will expand our basket so that our market penetration can be much deeper.

Rohan Vora: Great, sir. Thank you so much. I will get back in the queue.

Moderator: Thank you very much. The next question is from the line of Rahul Dhruv from Pegasus Growth Capital. Please go ahead.

Rahul Dhruv: So my question was on Rishabh India. And if you look at the overall margins this quarter as well, which are, I think, probably the lowest that we've ever seen around 12%. I know you did mention some reasons for it and probably I missed it. But you -- last quarter as well, you mentioned that it's an 18% business. But again, for this quarter as well, we've seen a very, very big decline in margins. Can you explain that?

Dinesh Musalekar: Yes. So the Rishabh India business, we have approximately 50% domestic and 50% export. So domestic market gives us good volume and export market gives us good margin. So that was always helping us in that way. And if you look at last year, last year, first 2 quarters, we had some big projects with high margins from Spain.

So that because of whatever is happening in Europe, those started -- they did not happen, but they are coming in the third, fourth quarter and next year also, they will be coming. So that made a big difference to that, but we are recovering. So that margin difference is coming more from where we are selling than what we are selling.

So I think that will change the whole scenario. And also in India, also, we are trying to revise our pricing strategy and pass on some of the commodity prices, which are increasing like copper and other things increase, which are used in current transformers and metal prices went up which are used in CTs and analog panel meters and all those -- some of the electromechanical products who we are trying to pass on those to the customers also through our pricing strategy. So -- yes, it's not 18%, 20%, it is more like 15%, 16%, I would say. So this is coming because of the market composition.

Rahul Dhruv: Do you expect 15% to continue going forward, right?

Dinesh Musalekar: Yes, obviously, yes.

Rahul Dhruv: Okay. And sir, a little bit on the solar string inverter, if you can see where we are in the journey, what is the pricing, what are the government contracts like -- what is the number actually? I mean -- I'm just kind of deducting the automation metering from sales to get a basic number, which is around INR6.6 crores. I don't know if all of it is inverters, but if you could explain some -- give me you some numbers on that as well?

Dinesh Musalekar: Yes. In solar inverter business, I would say it's not very significant in the whole scheme of things as of now. So it's about 3.3% in terms of the total at a group level. I would say it's less than 5%, let's put it this way. So there are two aspects to that. One is, can we sell more.

Yes, we can sell more. Do we want to sell more is something which we are holding back because there is a lot of Chinese competition. There are dozens of inverter manufacturers, so-called inverter manufacturers. We went to each one of them. None of them make any of those inverters either design or manufacturing.

They are just either getting the full inverter or SKDs from China, where the scale is a big game and then they are supplying. And to tell you very honestly, the selling prices in the market are close to our net cost. So the conversion is there and then the profits, et cetera. So what we have done is we have redesigned the whole product.

That's why in my speech also, I spoke about this new generation of NEO and UNO inverters, where we have tried to optimize. We want to change this game from making hundreds of inverters to thousands of inverters, and that's possible when we start making them in a mass production. So that's the work which is in progress.

I'll give you an example. The whole box or housing, which is having this inverters is fabricated and done with three, four parts and screwing and all that. Now we are investing in tooling and we are getting the whole body made along with the heat sink, which is always attached to the backside in one single piece. I mean, just to give a comparison, Tesla came up with this whole idea of making the whole car in one aluminium casting.

Now some of the scooters are also trying to make the whole scooter made in one casting and then build rest of the things around that. So likewise, this is an investment which we are doing now. And this is what we are going to launch in the next year and then go for not multiple PCBs, one single PCBs and then go for mass production. So put production lines were the -- not doing a batch production but a single piece flow production. All these are the things which are in place.

Once we have that, then it will be competitive. We can not only sell or we can make money also out sort of that. That's where we are kind of a little bit scaling it moderately. And once that is done, that I'm expecting to happen in 1 or 2 quarters' time because all the designs are done, protocols are done, testing is all done. Now we are manifesting these moulds. After that, we have to go through all the certification process for this product.

So that takes about 3 to 6 months. After that, this will be full-fledged this thing. We may run even B2C commercials also, where we want to really pull people and start selling more. So we are not going full throttle on the inverters because there's no point in doing that and making losses. So that's very honest and candid answer to your question.

Rahul Dhruv: Thank you very much.

Moderator: Thank you. Next question is from the line of Somil Shah from Paras Investments. Please go ahead.

Somil Shah: I wanted to know for the current quarter, what was the EBITDA margin on the automotive side of aluminium die casting and the nonautomotive side?

Dinesh Musalekar: Yes. Our CFO will give you those numbers. Do you have them?

Vishal Kulkarni: Yes. Automotive.

Dinesh Musalekar: So it is like -- I will tell you some comparison also. On the automotive side, last quarter, we had minus 24.3% as a EBITDA this quarter, it has dropped to minus 6.4%, okay? And for nonautomotive, last quarter, it was minus 2.1%, now it is 1.3%. See, what has happened is when you have the issues in the whole plant that has a bad effect on automotive business also.

By itself, it was very healthy, but because of this influence which we are having on the nonautomotive side, all of our resources were sucked into solving most of the problems on auto side of the business. And you can see a big difference between auto and non-auto when it comes to the profitability. I hope I have answered your question.

Moderator: Sir, line for the participant dropped. Next question is from the line of Madhur Rathi from Countercyclical Investments. Please go ahead.

Madhur Rathi: I wanted to understand what is the...

Moderator: Madhur, your audio is not clear at all. Can I request you to speak through the handset?

Madhur Rathi`: Yes. Is it better right now?

Moderator: Slightly better.

Madhur Rathi: Yes. Sir, I wanted to understand what would be your current order book and execution time line?

Dinesh Musalekar: Okay. See, the current order book, if you look at there are two parts to that. One is electrical business. Electrical business, how it works is our conversion to order to book-to-billing is about two weeks to four weeks max. So we don't have order...

Moderator: Sir, sorry to interrupt you. Madhur, can you mute while you're not talking, please? Sorry, sir, go ahead.

Dinesh Musalekar: Yes. So this, I want to give answer in two parts. One is electrical business. Electrical business, we have our supply is going through a few channels. One is through distributor channel. One is through OEM manufacturers like panel builders, etcetera and some are for the tenders, etcetera. So normally our lead time for supplies of these components is anywhere between two weeks to four weeks is the general time.

So essentially, our firm order book for electrical businesses is not more than, I would say, 1 to 3 months. So about 3 months of average sales, you can say, is the order book that we already -- we always have. And when it comes to nonautomotive businesses, there are contracts signed and you have much longer visibility, and that is reflecting in our monthly sales turnover. So this is how it works.

And what we really monitor and work is on the potential pipeline where we are engaged with the customers, but we have not signed any orders. So that's the potential which we work with some probability. And then that gets converted into orders -- forecast and then order on a regular month-by-month basis.

Madhur Rathi: Okay. Got it. Sir, also, we have mentioned that we have some SCADA software company that we have acquired in FY '25. Sir, if you could help us understand who would be the major customers of this software, who would be your competitors? And what kind of outlook do we have for this segment? And is this integrated into our current electrical offering? Or is this altogether a different thing on that front?

Dinesh Musalekar: It's a very good question because, per se, the turnover of that company is not huge. So -- but it has got a very important and big strategic advantage for us. So this -- you answered part of the questions -- part of your question in your question itself. So this software helps us to promote and sell more of our industrial automation products. So when we are selling products like, say, power quality analyzers, which are working on MQTT or IoT-enabled products or we have a lot of other process measurement products. So those are transducers.

All these products, we can have this connectivity and then this helps us to do a forward integration and value addition. So in a way, what we are trying to have in a long run is that we not only give our products but we can give a solution or we can give a design and give a solution to a solution provider.

And this software, SCADA software not only harnesses our products, also it can harness our competitor's products or any other process, anything which is able to push data on the cloud. So it helps in many, many applications. So this is more for us as a technology center or a center of excellence for this software development because we have got very experienced software engineers there who can develop the product, design the product and also do the application side of it. Now this is a very new one.

The strategy is that this team will empower all our regional sales entities and train them on this product, which may take because it's not easy product to sell. You have to understand, design, understand the customer need, understand our product, design the solution and give it, but a very profitable business.

And so we will want to use this in two ways. Of course, anybody wants to just buy the software. We can sell the licenses and some integration company can use this and integrate -- design their solutions. Also, we -- our sales team can go and sell our products along with the software and that's one aspect. And second one is our sales team can sell this, along with our product software and implementation also, this we do in Poland. So we have possibilities of doing it in other countries also. So this is the way forward for this.

It's more like -- it will help us to sell our high-end products more and keeps our customers bound with our products. Once he has got a software -- and most of these products that we have, they will have what they call as a library to integrating our productive into this software ecosystem is much easier. So that keeps us -- keeps our customers bound with us for a longer period.

So a lot of advantages with that. And once we have access to this, we can also learn how our products are being used by our customers and acquire all that data, and we can be one step ahead of our competition to improve our products. So I mean, we are in a way, touching the area of data acquisition, AI and product development and predictive maintenance and all that stuff. So this is a gateway to go into that direction for us.

Madhur Rathi: Got it. Sir, so right now, it's a development phase? Or are we selling this product in Northern India but somewhere in EU or somewhere in other geographies or it's still in development phase currently?

Dinesh Musalekar: No. It's a company because we didn't want to start from scratch. We have acquired a company, which is with 35 years of established company in Czech Republic, they are there for 35 years. We have got dozen engineers who have got experience, the minimum experienced engineer is 15 years and the maximum is 40 years.

So it's an experienced R&D team. And before acquiring this company, as Lumel SA, we signed MoU to work with them. We worked with this product implemented lots of, lots of solutions in Poland, and they have got solutions in Czech Republic, Slovakia and in some European countries. The product is fantastic.

Even in Siemens plant, they have used MICROSYS PROMOTIC SCADA software in place of Siemens software SCADA software in their plant because it is in Czech Republic, and they see value in that. So it's really, really a good product, but never went global. So with Rishabh platform, we want to take it global and make best out of selling this through our Indian subsidiary.

We have got a company to Energy Lab Solutions -- Energy Solutions Lab, which is a small Rishabh subsidiary in India for this activity alone. And we also have a software developed in India, which is by the name, MARC, so each one of them have their own advantages. And this -- in India, it's about a 10-year-old company, which we have tried to develop.

And this is established a 35-year-old company in Europe with a lot of experience of providing -- they are very good at graphic user interface and have a lot of experience of working in a global stage in many, many industries. So we will get that technology also in India, use that and give multiple solutions to Indian customers. They can buy MARC or MICROSYS PROMOTIC also.

So it opens a lot of opportunities. But this is we are devising the strategy. All that is in the making. So we just acquired this company. Not much has happened other than training and getting people acquainted with that. It's not like selling boxes. It's really some high-end stuff, where we need fine engineers to understand and do the application side of it.

Madhur Rathi: Makes sense, sir. Sir, do we have some kind of a budget that we would like to invest over the two to three years? Like is there a specific amount that we have earmarked for this...

Moderator: Madhur, sorry to interrupt you, again we are losing your audio.

Madhur Rathi: I'm sorry, is it better right now?

Moderator: Yes.

Madhur Rathi: Yes. So I wanted to understand have we earmarked or have we created some budget for this segment, like how much we would like to invest over the next 2 to 3 years?

Dinesh Musalekar: See, we have investment budgets for the company, overall group over the next few years. And we keep on allocating these budgets based on the product development need that we have. And we take this call every budget year. So definitely, when we are building the -- because when we build the last budget, we didn't have MICROSYS in place, now with MICROSYS now in place, so definitely, there will be some allocation for the development. First, we want to -- it's a developed product.

First, we want to invest into marketing this product, taking this product to the global platform, training of our existing teams and then they have to take it to the market. And after that, if there is further development needed with this product, we can do that. Now our investment will be to expand and reach this product to the whole -- our internal resources. We have to take this to STI U.K. We have to take it to all the Lumel area sales offices, Rishabh team in India and then they can take it to the customer. That's what is going to happen in the first phase.

Madhur Rathi: Got it. Sir, a final question from my side. Sir, if I look at our company on overall basis over the next 2 to 3 years, sir, what kind of revenue and revenue growth as well as margin can you expect considering these automotive Alucast issues go away or -- so over the next 2 to 3 years, what kind of margin trajectory as well as revenue trajectory can we see on our business?

Dinesh Musalekar: Yes. So that I want to answer again in two parts. One is electrical and aluminium die casting business. Electrical business, we can expect a trajectory of 18% to 20% on the top line and EBITDA of 17% to 20% that band. So that's what we can expect and we are doing that more or less now, and that will continue. So there is absolutely no problems on that side. On the automotive side, we were on a very high ride of 20%-plus year-on-year revenue sales that we will curtail.

So you can expect that will remain flat on the aluminium die casting side for 1 or 2 years until we repair our profitability, which is a work in progress. Once we do that, then we'll scale it up. So I can say that you can expect a flattish revenues in the next couple of years for aluminium die casting. And after that, we'll ramp it up. In the next couple of years, we'll try to get our

EBITDAs first to a single digit, then about 15% to 17% EBITDA, we will try to get on the die casting business. And then after that, we will be focusing on further growth.

Madhur Rathi: Okay, got it. Thank you so much and all the best.

Moderator: Thank you very much. Next question is from the line of Prateek Giri from Shubh Labh Research. Please go ahead.

Prateek Giri: Congratulations on the turnaround. Most of my questions are answered. I just wanted to understand is the worst behind us in terms of our aluminium die casting business or can -- I mean I understand these things takes time. So should we expect one more quarter for the lagging effect to be there?

Dinesh Musalekar: So I kind of try to cover that. It's very good question and also a very difficult question because we want to say that the worst is behind. I kind of almost feel that way. But we don't want to give any unreasonable hopes on that because we want to be very transparent with this because these contracts which we have are still going on. And we have made price corrections. So they are being sold at higher prices also, but that market is really very turbulent now.

The automotive industry in Europe is very turbulent with whatever we see now, and I can see for the next few quarters in one or two quarters, we should be good, sustainable and we can say worst is over. So that's what I strongly feel and want to believe on that. But if the things are like now with the Trump in place, so many different things are coming on a daily basis.

And we don't know what is going to happen with the Ukraine war, which we were expecting after Trump comes, the war will be over in a week's time or something. It's a lot of things are going on now at geopolitical level. So barring those unexpected things, we can say the worst is behind us.

Prateek Giri: Point taken, sir. And sir, totally understandable. Sir, I wanted to understand, as you have alluded to the European automobile market, there has been talks around probably import duty on Chinese vehicles as well. So in that case, do you think that our aluminium die casting business particularly for the automobile part of it, can give us better margins? I mean as good as the nonautomotive part of it?

Dinesh Musalekar: See, it's -- the thing is they are expecting the import tariffs they are talking and even if the import tariffs are introduced, the gap between cost of manufacturing of Chinese and the local manufacturing is really, really huge. So -- and that has happened because Chinese started and believed in electrical cars more than 10 years ago, and they were really on to it. So to that extent, the whole world is at some disadvantage and particularly Europe, where the cost of labor has increased substantially.

Inflation has been double digit in many parts of Europe for last 2, 3 years. And -- which used to be a stable environment with inflation of 2%, 3%, growth also 2%, 3%, everything was stable, energy costs were also stable. That was known to be very stable continent matured, and that's all shaken up.

So with that, even if the import duties, I do not know how much of a cost advantage the local manufacturers will have. It's similar to what we see in India, for example, our inverter business. There is a 20% import duty on the inverters. After import duty also, their landed cost is lower than our net cost. So it's just a scalability or they are funded by government in China to dump the products in every part of the world.

So China is kind of a bit of a mystery when it comes to the cost because the components are the same, I mean only that we can talk about scalability. But I think it is more than scalability, it is the government policies, which are also a part of this equation.

Prateek Giri: Well explained, sir. That's very helpful. Just last one. Sir, with this renewed contracts with automobile players for the die casting business, will it be possible for us to say, 3, 4 years down the line, transforming this business entirely the favor of non-auto sector. I mean the ABB and the Siemens of the world which you mentioned, the current contracts, do they allow us not immediately but at least 3, 4 years down the line?

Dinesh Musalekar: Yes. So we have the major biggest customer have already concluded it in about 12 months' time. So after 12 months, it is our prerogative whether we want to continue or not so that is possible. And with another major die casting automotive customer, the contract is open. But I think we have that possibility.

So to tell you, very honestly, about 10 years ago, our turnover in aluminium die casting, I went there in 2014, '13 end. So it's almost like 11 years. Our turnover was 1/3 of what we have now. And we were at a kind of breakeven kind of a thing, and we had 100% nonautomotive business.

And then I started automotive business after going there and we had significant growth of almost 3x. And the EBITDAs we achieved in those years were anywhere between 16% to 19%. I mean, if you look at most of those years before COVID and that has propelled us to grow significantly. And idea behind that was to diversify our portfolio into different segments because automotive started going so high.

At some point of time, we grew this business so much, it became 70% of our portfolio. And then we have -- now today, we have brought it down to around 45%, we have brought it down now because of all these turbulences, which has happened. So ideally for me, I would still like to have 30% of automotive business, but very comfortable contracts and profitable business and ability to walk away or ability to renegotiate.

That's what is our intention because this industry is just spreading our risk across the industry and across the customer. That's part of our strategy. That is what had started this whole automotive journey and we had a very good run with that. So things have been going south in the last few quarters and we hope that will get back to stability.

Prateek Giri: Understood, sir. Very well explained. Sir those are my questions. Congratulations once again and good luck for the future.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as a last question. I'll now hand the conference over to the management for closing comments.

Dinesh Musalekar: Yes. On behalf of all our group companies and the management team as well as all our employees, I would like to thank all our existing investors and potential investors to continue to show faith in us. And we were going through a lot of turbulent phase and which we feel that it is almost getting over. But we really appreciate people who have been with us throughout this. And we hope to create value for our shareholders in the coming quarters and coming years. Thank you very much.

Vishal Kulkarni: Thank you.

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