



17th February, 2025

To Sr. General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001 Scrip Code: 544317	To Sr. General Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai - 400 051 Scrip Symbol: TRANSRAILL
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Sub: Transcript of Earnings Call for Un-audited Financial Results for quarter and nine months ended 31st December, 2024

Ref: Regulation 30 read with Schedule III of SEBI LODR

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Call held for Un-audited Financial Results along with the Limited Review Report for quarter and nine months ended 31st December, 2024.

You are requested to take the aforementioned on your records.

For Transrail Lighting Limited

**Gandhali Upadhye
Company Secretary and Compliance Officer**

Encl: As above

TRANSRAIL LIGHTING LIMITED

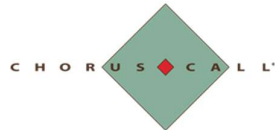
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“Transrail Lighting Limited
Q3 & 9M FY25 Earnings Conference Call”
February 11, 2025

InCred! Equities



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**MANAGEMENT: MR. DIGAMBAR C. BAGDE – EXECUTIVE CHAIRMAN
MR. RANDEEP NARANG – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER
MR. AJIT PRATAP SINGH – CHIEF FINANCIAL OFFICER

MR. CHINTAN KOTAK – INVESTOR RELATION**

MODERATOR: MR. ARAFAT SAIYED – INCRED RESEARCH



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 & 9M FY'25 Earnings Conference Call of Transrail Lighting Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Arafat Saiyed from InCred Research. Thank you and over to you, sir.

Arafat Saiyed: Thanks you. Good morning, everyone. On behalf of InCred Research, I welcome you all. Today, we are hosting the management of Transrail Lighting for a maiden conference call to discuss Q3 & 9M FY25 performance. The management team is represented by Mr. Randeep Narang, MD and CEO, and Mr. Ajit Pratap Singh, CFO. Without further ado, I will hand over the call to Mr. Randeep sir for opening commentary. Then, we will open the floor for Q&A. Thanks and over to you, sir.

Randeep Narang: Thank you, ladies and gentlemen. It gives me immense pleasure to welcome all of you for our first Post-IPO Earnings Conference call for the Q3 & 9M FY25. Before I proceed, I hope you had a chance to go through the earnings presentation uploaded on the exchanges and our website. I would like to begin by giving you some insights about our company, our business and the industry per se.

Joining me on this call is our CFO, Ajit Pratap Singh, Chintan Kotak, our Internal IR; and our Investor Relations Advisor, Adfactors PR. Now, let me take you through our company. As we have recently been listed, some of you may not be very familiar with us, but I would like to provide you a brief introduction. We are a leading Indian engineering, procurement and construction company focusing on power T&D for over the last 41 years.

We are a few players with integrated manufacturing facilities for lattice structures, i.e. towers, conductors, monopoles with a very modern tower testing facility. We provide comprehensive turnkey solutions worldwide with a footprint across 58 countries. As a growing enterprise, we are well diversified in our business operations and the key verticals are, one, power T&D including transmission lines, substations, underground cabling and distribution work. Second, civil construction. We are in very niche and selective areas like bridges, cooling towers, tunnelling and elevated roads. Third is the poles and lighting business which is again a small vertical which has a very complex and huge range of products. Last but not the least is railway including railway electrification, traction substations and signalling and telecommunication.

We have done more than 200 EPC large scale projects across the world and we are an established and trusted long standing partner for many of our clients. Further, since it is our first post IPO earnings call, I would like to introduce our Chairman and Promoter; Mr. Digambar C. Bagde, a well-known industry doyen in EPC industry. He started Transrail 40 years ago and is in the helm of the company as a Chairman and Promoter and guides us on the journey as we grow together. Prior to starting Transrail, Mr. Bagde spent 12 years in KEC International in the engineering and project management department.



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I would also like to introduce myself. I have 36 years' experience out of which 15 years is in T&D. Prior to joining Transrail, I have been here 4.5 years. I was the president of KEC International, handling the international business along with RPG cables and prior to that 4.5 years, I was handling the domestic and SAARC business; that's my background. Now let me take you through the quarterly and 9-month highlights. We have raised INR 400 crore in the IPO as mentioned earlier and we propose to utilize INR 250 crore towards funding our working capital and INR 90 crore towards capex expansion.

On the capex, we have got an in-principle approval from our board for INR 327 crore which will be used in the 18 months to 24 months going forward. This includes INR 90 crore of IPO funds for capex already defined. This capex will be utilized for expanding existing manufacturing plants, conductors and poles and we also look forward to putting up a new tower manufacturing plant going forward.

Now coming to some of the business highlights. We have been awarded one package as part of the 800kV HVDC KPS2 Nagpur Transmission Line. We also secured the first solar EPC order in international market for 80 megawatt DC ground mount solar PV project including associated substation in our international business. We received EPC contract for 400 kV DC transmission line in Nepal.

We also received for supply of high mast and metal fencing for India's first bullet train through our poles division. We successfully commissioned the highest natural draft cooling tower NDCT, 199 meters at Yadadri, Telangana. We successfully commissioned 400kV AIS Bay Extension and 220kV GIS Bays Extension of Power Grid Banka Substation. And another good news is that we have received upgrade from CRISIL on a rating and long term banking facilities now is CRISIL A plus stable.

Further we have achieved special appreciation from power grid for role in commissioning two double circuit transmission lines of 400 kV and 765 kV in the first quarter of this year. We won the Maharashtra Safety Award 2023 for the lowest accident frequency rate and the longest accident free period in a heavy engineering group. These are some of the business highlights.

Now coming to the financial highlights, I will request our CFO to take us through please.

Ajit Pratap Singh:

Thank you sir. Let me share the financial highlights of the quarter ended and 9 months ended 31st December 2024. Starting with the quarterly results, our revenue from operations grew by 62.13% on year-on-year basis to INR 1,357.56 crore in Q3 FY25. EBITDA grew up by 79.97% year-on-year basis to INR 179.80 crore leading to EBITDA margins of 13.24% on Consolidated basis.

Our PAT for the quarter increased to INR 93.24 crore resulting in a Y-o-Y growth of 91.87%. Moving on to 9 months performance, our revenue from operations grew by 25.25% to INR 3,361.74 crore. EBITDA grew by 41.96% to INR 438.48 crore with an EBITDA margin of

13.04% year to date. This growth was driven by improved execution and cost controls of international domestic projects.

Power transmission distribution continues to be our major focus area and out of total revenue from operations of INR 3,361 crore in 9 months FY25, contribution from power transmission distribution was INR 2,837 crore. That's approximately 84% of our total revenue. The rest of the revenue came from civil, poles and railways in that order. While we have added many large scale T&D projects including projects involving HTLS conductors and EPC for HVDC lines. In these 9 months ended 31st December 2024. We have also received a prestigious project for construction of elevated road in Udaipur in our civil vertical. Further our railway vertical secured overhead electrification works for 426 TKM and last but not the least pole vertical continued to creation of murky structures we got an order from L&T.

Randeep Narang:

Thanks Ajit. We will now go through the order book. I would like to brief you that our total order book including L1 stands at INR 15,643 crore as of 31st December with 49% domestic and 51% international. During the 9 month period December 2024, we were at INR 4,715 crore order inflow which is a 50% growth over last year. And further L1 stands at INR 4,144 crore as of December 2024.

T&D contributes 90% of our total order book making us a prominent T&D company. Our order book in international market is majorly backed by multilateral funding agencies and are secured through letters of credit ensuring a very strong commercial payment security. During Q3 as part of the strategy which we had planned when we got listed, we are looking at entering the solar EPC business and we received the first order for ground mount solar PV project for 80 megawatts for international market along with associated substations.

Therefore, we are well poised to deliver the continuous growth in the coming quarters. On the economy, I would like to mention that the Finance Minister's budget recently announced. There is a huge commitment to economic growth particularly the infrastructure segment where INR 11.21 lakh crore has been earmarked which is a 10% growth over previous year.

This balanced approach with strategic focus on critical sectors such as power, T&D, renewables, urban infrastructure aims at seamlessly aligned with our growth ambitions creating continued opportunities for growth for Transrail.

To conclude my opening remarks, I would like to say that we at Transrail, the management team, we believe in a simple philosophy of simplicity, self-confidence and speed and this is what we know are the base and key words of Mr. Jack Welch, GE. We believe that we will remain committed to continuous growth, strong execution and value creation for our stakeholders.

I would like to open the Q&A and look forward to receiving your questions. Thank you.

Moderator:

Thank you, sir. We will now begin with the question and answer session. The first question comes from the line of Vineet from Toro Wealth Managers. Please go ahead.



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Vineet: Hi sir. Good morning. First of all, congratulations for the good set of numbers. And my question like I have two questions. Firstly, with regards to the capex that you have mentioned in your introduction part, if you can please repeat what was the capex and the timeline of the capex and where is it going to be used? And second with respect to the order book, if you can please mention the execution timeline of the order book as well?

Randeep Narang: On the capex front, we have planned approximately INR 125 crore for factory expansion, existing brownfield which we have already planned INR 90 crore from our IPO. We are looking at executing projects, tools and plants and equipment we have planned around INR 80 odd crore. And we plan to put in a new tower manufacturing unit for which we have earmarked INR 115 crore. That is the overall breakup of the plan.

As I mentioned, that part of it has been given as in principle approval and this will take 18 months to 24 months to execute. Answering a second question on the order book. Our order book INR 15,000 odd crore with L1. Normally, the international execution period is 24 months to 30 months and domestic is 18 months to 24 months. We are well placed for 2 -2.5 years in terms of our order book. I hope that answers your queries, please.

Vineet: Yes, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Manish Ostwal from Nirmal Bang Securities Private Limited. Please go ahead.

Manish Ostwal: Yes, sir. Thank you for the opportunity and good set of numbers for the quarter and 9 months. My first question on our international business. So, first, on 51% of order book coming from the international segment. Can you tell us the key geography that we are operating, number one? And secondly, did we see any major loss from our international business in our business history?

Randeep Narang: As mentioned in my opening comments, we work mostly with multilateral funding agencies in our international business. Our key markets are Africa, SAARC and Southeast Asia. We have not made any loss in any of our international projects. Yes, projects may get delayed by 3 months, 6 months because of exigencies of ROW or any kind of funding delays by the funding agency.

However, we don't have any problem and we are very happy with the growth of our international business. If you see, our international business has grown from 38% in 2022 to 53% in 2023, 59% of our overall business in 2024 and now it's hovering around 55%. We see that the execution in international business is something which we are very keenly working on.

Manish Ostwal: Second is our business mix, we are largely a T&D company, but we are now building other segments also, so, from a medium-term perspective, do you see that the non-T&D segment contribution in the order book and as well as the revenue can increase to 20%, 25%? How we should think about growth in the non-T&D side?



Randeep Narang: We continue to be predominantly a T&D company with 85% being T&D. 15% will be a healthy mix of civil, railways and poles division and that's the manner in which we want to maintain it.

Manish Ostwal: And the last question is the sustainability of our operating margins. When I compare you talk about the key management personnel from KEC and when you look at the peer group margin trajectory, our margin is far superior. So, first is obviously we have backward integration advantage, but in terms of competitive landscape and the sustainability of current margin, what is your comment on the sustainability over the medium-term of the current margins?

Randeep Narang: We know the order book profile and the order book margin and we are looking at 12.5% plus EBITDA margin going forward. What you would notice is that we are fully backward integrated and we have conductors, poles and tower manufacturing facility which not all our competitors have. Also, what you see we are predominantly T&D 85% - 90% where others have diversified on different other verticals. I would say this is sustainable business EBITDA margin which will continue in the medium term.

Manish Ostwal: Okay, sir. Thank you very much and all the best for the coming quarters and years. Thank you.

Randeep Narang: Thank you so much.

Moderator: The next question comes from the line of Pritesh from Lucky Securities. Please go ahead.

Pritesh: Yes, sir. On this margin question itself, so when you have to consider the products which is pole, conductor and tower, so, what portion of this would be as a part of your revenue and does it mean that in projects your margin will be similar to a competitor margin and the differential is this and if this is the differential, what is the portion of revenue coming from poles, conductor and tower?

Randeep Narang: If you notice we are a full EPC company. We do turnkey projects which helps us winning jobs with our backward integration and conductors and towers are almost 60% of a value of an EPC turnkey job for transmission lines. 30% is construction and 10% is what we do in terms of bought out.

So, the play which we have is sustainable and therefore our margin profile is what we believe will remain. It is also the quality of the job and our focus on the T&D space per se.

Pritesh: If you have to put up a margin on pure EPC, had you bought out everything and what should it be a margin number?

Randeep Narang: As I said our EPC margin which is predominantly in the range of 12% to 12.5% is what we are looking forward going forward.

Pritesh: On the inflow and the backlog number, you guys have given the inflow number for the 9-month current year and the backlog number of 9-month current year. How would it stack versus last year?



- Randeep Narang:** Last year we were in the range of INR 4,500 odd crore order book. This year we are looking at INR 4,000 crore already done and another INR 4,000 crore of L1 and which should fructify by end of March.
- Pritesh:** So, let's say the INR 4,700 crore inflow for 9 months this is versus INR 4,000 crore inflow for the full year?
- Randeep Narang:** Another INR 3,000 crore getting converted out of INR 4,144 crore.
- Pritesh:** Okay. And what was the backlog number at the same time last year versus this INR 11,500 crore?
- Randeep Narang:** Last year we would have been in the range of around INR 10,000 odd crore.
- Pritesh:** What should be the expected revenue for FY25 after the 9 months that have passed and based on the backlog that you have, what should be the expected revenue for FY26?
- Randeep Narang:** We had given earlier guidance that we did INR 4,100 crore last year. We are looking at a 30% growth and that guidance we continue to maintain for this financial year ending March 25.
- Pritesh:** And any numbers for FY26?
- Randeep Narang:** For FY26, we are looking at - with the current order intake plan, we will look at another 25% growth on the numbers for this year and that is the annual operating plan we are working on.
- Pritesh:** Basically it's INR 4,400 crore and INR 5,500 crore next year?
- Randeep Narang:** INR 4,000 crore last year, this year will be 30% on that and next year will be 25% on what we finish in March 25.
- Pritesh:** Okay, sir. Thank you very much, sir.
- Moderator:** Thank you. The next question comes from the line of Hardik Gori from Alpha Plus Capital Associates. Please go ahead.
- Hardik Gori:** Thank you for the opportunity. Congratulations on a great set of numbers. Sir, in the first 9 months, 68% of the order flow is from the domestic market. So, how are we expecting the international order book to shape up going forward?
- Randeep Narang:** The international order book we have around 50% of what is L1 is international and we also had around 30% orders awarded in international. So, our overall mix should be 50-50 as we go forward. For us, the key driver is the quality of the project whether domestic or international, the ability to finish the job on time before time completion and of course, the margin profile which is very important and therefore, that's what decides our decision to bid or not to bid.



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- Hardik Gori:** That's really insightful, sir. And when is the new production capacity scheduled to become operational?
- Randeep Narang:** The brownfield will take 6 months and the new plant as I said would take 12 months to 18 months.
- Hardik Gori:** Got it. And sir, how are we managing the risk associated with the receivables, particularly for orders from Bangladesh?
- Randeep Narang:** Ajit, would you like to answer this. So, we are actually pretty well placed. Our CFO will just share with you.
- Ajit Pratap Singh:** For the river crossing project one we got the LC as payment security from the bank, so, the payment is secured and in terms of overall structure, if you see, we are in the money. We have advances from the customer, which is more than my receivable and we are in the money by around INR 106 crore in the river crossing project.
- Randeep Narang:** Therefore, we are well covered, project is getting executed well and the client is supporting the faster execution and payment of funds from Bangladesh.
- Ajit Pratap Singh:** This project is of very high priority for the local government because their power plant and other transmission lines are also almost ready. Hence, they are giving high priority for execution as well as payment.
- Hardik Gori:** Got it. That's really insightful, sir. Thanks for taking my question. That's all from my side.
- Moderator:** Thank you so much. The next question comes from the line of Vinod from Phillip Capital. Please go ahead.
- Vinod:** Yes, thank you for the opportunity, sir. Sir, you mentioned about getting a package as part of that 800 kV HVDC Khavda-Nagpur transmission. So, what is our role in this package and who has awarded the package? Has Power Grid directly awarded this package or is it Hitachi Energy who has awarded this package?
- Randeep Narang:** This is our biggest client, Power Grid. And our role is end-to-end turnkey project for this particular job. This is a 42-months job and we are awarded this job to complete it as per the requirements of the contract issued by Power Grid.
- Vinod:** No, sir. Just to understand further, you will be doing the stringing and erection of the towers?
- Randeep Narang:** Everything, this is a turnkey which starts from the foundation, erection, stringing and supply.
- Vinod:** Okay. How much would be our addressable portion of this project? If I break down this between the HVDC systems, substations and the power systems and what we are doing, what would be the broad break?

- Randeep Narang:** We will be in the range of INR 300 crore to INR 400 crore. This is the range of the package allotted.
- Vinod:** Okay. The second question I had is on your working capital. Your working capital seems to be way better than some of your other peers in the T&D space. How is that differential, sir? Is it like are you discounting more or is it more of collection efficiency or customer profile? Because customer profile I think is similar in terms of 50-50 being international and domestic for competition as well?
- Ajit Pratap Singh:** No, our customer profile is a little different. More is international compared to domestic. That's one thing and in terms of working capital cycle, if you see over the last 2 -3 years, because we are increasing in revenue, our working capital cycle is also increasing. As of 31st March, 2024 it was around 73 days and in 9MFY25 we are standing at around 96 days, which includes our IPO funds raised lying as current assets. So, if you remove that, our working capital cycle comes to around 64 days.
- Randeep Narang:** Principally we are in the same norm of the industry, 70 to 80 days. Our efficiency for collection is that we work with mostly very well-renowned clients in India. We have reduced our working-state facilities.
- We also choose International Bid very carefully and we have a risk matrix where 50% of the jobs we don't bid based on the funding, the ability of the client, the consultant. And we work mostly with multilateral funding internationally.
- Vinod:** Okay. Sir, just one more again on the same topic. You would be working with both Power Grid and some of the private transmission operators like Adani or Sterlite. So, how has your experience been vis-a-vis Power Grid and the private operators on margins and payment cycles?
- Randeep Narang:** On payment cycles, I think we have no issues at all. Power Grid and the private players are very prompt and they are absolutely on the ball as per the contract terms and credit terms. So, we have no issue at all. In fact, they are very supportive and we have very good relations.
- Ajit Pratap Singh:** Our customer is primarily from T&D, Power Grid. They pay in time whereas our peers have shifted to other business where payment cycle could be elongated.
- Vinod:** No, how about margins, margins are similar with a private order as well as a Power Grid order?
- Randeep Narang:** Vinodji, that is a very detailed segment question, but I would say it is pretty similar in the range and it's not very differential at all.
- Vinod:** Okay. And, sir, typically how does the tendering work? Is there a pre-bid discussion which takes place before the transmission system operator also quotes for the transmission lines on the TVCB side?



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- Randeep Narang:** We have TBCB jobs and we quote and compete with other players in India. There are 7 to 8 players. Based on your L1 position, you are invited. There could be a reverse auction also. Once you are winning this, then you have an understanding as a pre-bid and when they win the job, they will allocate the job.
- Vinod:** Okay. Thank you so much for the answer, sir.
- Randeep Narang:** Thank you, Vinod.
- Moderator:** The next question comes from the line of Mayank Bhandari from Asian Market Securities. Please go ahead.
- Mayank Bhandari:** Thanks for the opportunity. Sir, just wanted to understand in terms of margin, are we making higher margin on the export order?
- Randeep Narang:** The margin profile in international market is marginally higher than domestic by 1% to 2% and that is correct. However, when we are working with multilateral funding agencies, we also have better commercial terms.
- Mayank Bhandari:** If I were to understand the margin increase, Y-o-Y or Q-o-Q, is there a product mix or is there a mix change involved here, export versus domestic?
- Randeep Narang:** I think that is a good question. Let me help you to understand. In domestic, our margin profile has improved. There were some legacy projects which we have completed. And our margin now is going in the right direction and therefore, the margin improvement. In international projects, we have had some accelerated execution which has helped us to improve the margin profile here.
- Mayank Bhandari:** Okay, so, I just want to understand, going forward, all domestic order inflow is rising. And export is kind of - the portion of export will come down as we understand. So, 12.5%, consider that, your guidance of 12.5% margin?
- Randeep Narang:** Yes. We will continue with that. And I would like to add on the domestic front. See, we have a very specific bidding strategy as to where to pick our jobs with whom to and how do we look at better margin jobs. So, that has also helped us in the last 6- 9 months. We got new jobs, which are better margins.
- Moderator:** Thank you. The next question comes from the line of Bala Krishna from Oman Investment Advisors. Please go ahead.
- Bala Krishna:** Hi. Congratulations. First question is on Bangladesh exporters. So, in the total order quantity, how much is from the Bangladesh and what could be the receivable status? Could you please share it?



Randeep Narang: Bangladesh is around 20% of our total order book. Our CFO just mentioned that we are in the positive based on the advances we have. And our payment cycle is based on the contractual terms and it is moving in the right direction.

Bala Krishna: Okay. Secondly on this margin front, I think as you told that some legacy projects in the domestic front are completed, so it is fair to assume that the current margins will sustain even further also. I think you have given 12.5% of the guidance. So, I feel it could be very conservative, right?

Randeep Narang: Our margin profile as I have just mentioned will be in the range of 12%, 12.5% going forward. And we are confident because the order book we have, we know the margin profile and the execution timeline. So, therefore, we will be in that zone as indicated.

Bala Krishna: And lastly on this, any projects that you have executed in the past? Do you have any write-off history of the projects because of some issues with the customer like we are dealing with the government entities and there could be some write-off issues at the end. What could be the approximate percentage even in domestic or international, if you can shed the color?

Randeep Narang: Actually, we do not have any negatives or any losses through any of our projects either getting stopped or losing out because these are all multilateral funded internationally. In domestic, we work with top clients as we just mentioned, private and power grid. We do not have any issues of such in the past, I would say even a decade.

Ajit Pratap Singh: There is no material or substantial write-off in any of our receivables.

Bala Krishna: That is good to hear, sir. Lastly, I would like to add some comments. You did not think it is the first quarterly result after you listed. You came up with good numbers unlike other companies which come through IPO with great numbers and after the listing, the numbers will be very far away from the numbers posted before the IPO. So, I congratulate you and the way you are explaining the investors also. I really appreciate that. Thank you very much.

Randeep Narang: Thank you, Bala and welcome.

Moderator: Thank you so much. The next question comes from the line of Abhishek Shah from Ambit Ltd. Please go ahead.

Abhishek Shah: Hi, good afternoon and congratulations on a good quarter. One question regarding our FY25 guidance. You mentioned that we are looking at around 30% growth over FY24. So, that would be around INR 5,200 crore of revenue. Looking at 9 months, we have done around INR 3,300 crore. We are confident that we will be able to deliver INR 2,000 crore in Q4 and what is the seasonality like because we do not have the base quarter? So, just to get an idea, what color can you give on that please?

Randeep Narang: Abhishek that is a good question. Traditionally in T&D, most companies and businesses do 40% in H1 and 60% in H2, is in line with those focus areas because H1, 3 months are also monsoon



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months. Hence, we are pretty confident that we will be achieving that 30% focus we are depending on.

Abhishek Shah: Okay, thank you.

Moderator: Thank you. The next question comes Naman Parmar from Niveshaay Investments. Please go ahead.

Naman Parmar: Yes, good afternoon. Thank you so much for the opportunity and congrats on the great set of numbers. So, firstly, I wanted to understand on the industry side if you see the government context on the domestic side is INR 9.2 lakh crore, correct and overall, there is a very big demand for the substation EPC. And you are also the part of the substation EPC. So, how big will be the opportunity on the substation EPC? Can you know more about that how big is the market for that?

Randeep Narang: I inform you that substation and transmission lines normally come together. Standalone could be an HVDC substation. So, the market opportunity going forward would be huge for T&D, almost INR 1 lakh crore. It depends on when the substation jobs will be announced and contractually completed. It's very difficult to give you a percentage, but normally, substation transmission is a 70-30 mix.

Naman Parmar: Secondly I wanted to understand on the working capital side, you have said right that on industry, there is a 70 days to 80 days, but on a book, it seems to be that the trade payables are very high. So, on accounting basis, it seems that there is a negative working capital, but it is not negative. What's the reason for that?

Ajit Pratap Singh: Working capital is not negative. There are receivables, retention, inventory, as well as bank balances as part of current assets. So, net-to-net, if you see we have a working capital days of around 94 days. And if we remove our IPO funds, we will come down to around 64 days. And in T&D, there is a norm across industry.

In case of peers, the numbers could be a little higher because of their diversification to other sectors, where working capital cycle could be high.

Naman Parmar: Okay. Thank you so much for answering.

Randeep Narang: Thank you, Mr. Parmar.

Moderator: The next question comes from the line of Prateek Bhandari from Art Ventures. Please go ahead.

Prateek Bhandari: Hi, sir. Thanks for the opportunity. I just wanted to understand about the capex. You stated that INR 90 crore would be utilized from the IPO proceeds. And what would be the total quantum and for which purpose are we using? Can you state the quantum and the purpose of the total capex?

Randeep Narang: We have got a principal approval from our board for INR 327 crore, out of which INR 90 crore was already planned for a brownfield expansion. Subsequently, we are looking at putting up a new tower factory, which will be around INR 120 odd crore. And INR 80 odd crore will be for construction T&P, tools and plants of around INR 80 odd crore. There are very specific needs based on our order book. And all the diversification is planned on the order book and completion of jobs in the next 18 months to 24 months.

Prateek Bhandari: So, INR 90 crore would be from the IPO out of the INR 327 crore?

Randeep Narang: Yes, right.

Prateek Bhandari: And the reasoning would be for the setting up of a plant, you stated a tower plant?

Randeep Narang: Yes, that will be in the range of 12 months to 18 months. We will do that and this will be through internal approvals and debt.

Prateek Bhandari: And what will be the quantum of capex for the tower one, specific, if you can repeat?

Randeep Narang: INR 120 odd crore.

Prateek Bhandari: INR 120 odd crore. And then INR 80 odd crore is for?

Randeep Narang: Tools and plants. Construction equipment, project execution equipment.

Prateek Bhandari: Okay. Thank you.

Randeep Narang: Thank you, Prateek.

Moderator: Thank you. The next question comes from the line of Kaushal Sharma from Equinox Capital Ventures. Please go ahead.

Kaushal Sharma: Hi, sir. Very good afternoon and congratulations for your amazing number. I just want to know a little bit more about the Bangladesh market. As you said that we are generating around 20% of our order book from the Bangladesh. So, there has been political disturbance over there. So, do we face any operational challenges over there in terms of delay in the project or how do we see the Bangladesh market going forward in terms of the revenue mix going forward and the second question relating to our debt level.

Currently, we are maintaining around 0.55 times of debt to equity. And going forward, how do we maintain our debt to equity in terms of debt to equity? And what is our cost of debt as of now?

Randeep Narang: We will take it into two parts. I will answer the Bangladesh bit first and then our CFO will talk about the debt to equity. Principally, Bangladesh in the month of August there was a slowdown because of the change in the political environment. And all Indian companies did come back.

However, within 1 month, we started work. We are doing 6 projects there, 3 with EXIM and 1 is ADB and 2 with Bangladesh government.

We see there is no issue in terms of project execution or funding and things have normalized in Bangladesh for us. In fact, the client power grid of Bangladesh is very keen to finish their jobs on time and is supporting the funding process for us. Now, coming to the second question, Ajit. Debt to equity and cost of debt.

Ajit Pratap Singh: Our debt to equity ratio as on 31st December, 2024 was 0.42x as against 0.53x as on 30th September, 2024. We are going to raise some fresh debt for these expansion plans which will come over a period of next 18 months to 24 months. And we will also increase our net worth by getting new profits. So, in the debt to equity ratio will almost be in the same range. We don't expect any substantial move in terms of debt to equity. Our weighted average cost of debt is around 11% as of now.

Kaushal Sharma: Sir, have we received any fresh orders from the Bangladesh market as of now?

Randeep Narang: No. These are all orders which we got a year, year and a half ago. And we are keen to execute these jobs before we look into a fresh set of orders there.

Kaushal Sharma: Okay, sir. Thank you and all the best.

Randeep Narang: Thank you, Kaushal.

Moderator: The next question comes from the line of Shivam Dave from Prodigy Investment. Please go ahead.

Shivam Dave: Hi, congrats on the great set of numbers. Sir, I wanted to understand that are we facing any labor shortage in the domestic market as of now? And the second question is related to Bangladesh. Today, around 20% of our order book comes from Bangladesh. Going forward, how much do you think this mix should reduce or do you intend to still bid for projects over there? And what are the type of companies that are usually bidding in Bangladesh, how many players are domestic, how many players from India usually bid in Bangladesh? If you could share some mix on that?

Randeep Narang: In terms of domestic labor for subcontractors, yes, there was a crunch in the quarter 2. Particularly monsoon season, but things have eased up. And we are getting the right kind of subcontractors and teams to work on our projects. So, that position has changed a bit post the monsoon period.

On Bangladesh, when the change in government happened, 17 Indian companies came back from Bangladesh. And they were all the big four, five infrastructure companies. These are very well known and available in the general public information. The principal point is we are not bidding any new jobs. And this 20% by end of next year will reduce to almost 10% of our order book going forward. So, we will be only left with residual work left by end of next year.

And what is more important is that we see the execution happening on time. We get support from the power grid of Bangladesh and our teams are settled there. More than 70 odd people are based there. So, work is happening as per our plan.

Shivam Dave: Okay, so, this should be at around 10% by next year. And you are not bidding for any new orders in Bangladesh?

Randeep Narang: Yes.

Shivam Dave: Okay. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Nikhil Poptani from Kizuna Wealth. Please go ahead.

Nikhil Poptani: Thank you for giving me the opportunity and congratulations on a great set of numbers. My first question is like on the international projects, like there is any kind of competition there like the large players are going for the larger orders. And there are small players, there is a high competition there. So, how do we check on the eligibility criteria and how do we target our international projects and is there any kind of Chinese competition there like we were talking about entering into Australian markets? So, how tough is the Chinese competition there?

Randeep Narang: International market, as I mentioned, if you did notice and hear that we work with mostly multilateral funding agencies. We have a clear risk matrix as to where to bid and what are the challenges, whether it is political, geographic or the terrain or how do we look at the local conditions, the utility. All those are considered and then we are careful in selection of our jobs. So, one part of your answer is that international jobs one is careful and all bids are approved at the highest level of our company.

International competition, yes, there is Indian players, there are Chinese and there are local players. And the quality of your bid depends on what kind of homework you have done locally, how carefully you have analysed the project and the duration of the project and the ingredients of the project. So, we as a company who are very clear on the cost focus and backward integration are careful when we bid and we bid to win to make sure that we have that opportunity.

We also have pre-qualifications for our factories and all our jobs we have done. So, we are very qualified globally and locally also. So, therefore, that gives us an opportunity to bid for jobs. However, the choice of bidding depends on us where we want to bid and not want to bid. Your last question was on Australia. Australia, we do not want to do EPC, we only want to supply products, be it conductors or towers and we are going slowly and we are building our pre-qualification with the clients there. Hope I have answered all your questions.

Nikhil Poptani: Yes sir, that was great to hear and assurance. And sir, my second question is like now our domestic mix is increasing and as we said that we have better margin on international projects.

As our domestic book increases a little bit, we will see a little bit of pressure on the margins. Is that understanding correct sir?

Randeep Narang: No, the understanding is not correct because domestic again we pick and choose our bidding strategy decides on the client and the margin profile. In fact we see an improvement in the domestic margin profile. Therefore, our sustainability of 12%, 12.5% will remain.

Nikhil Poptani: Okay sir that is great to hear. And sir, we were going to acquire Gammon Engineers. So, how is that going on and we have just won the solar rooftop order internationally. So, was it due to that?

Randeep Narang: No, right now that is work in progress. Nothing has finally fructified as of now. We will wait and watch and how things happen.

Nikhil Poptani: Yes, of course. Thank you very much and congratulations on the great set of numbers and all the best.

Moderator: The next question comes from the line of Kushal Kasliwal from InVed Research. Please go ahead.

Kushal Kasliwal: Hi, sir. Thanks for the opportunity. Just wanted to understand the international order book. It seems like it is 50% of our total order book. Can you provide a split between countries where we are operating these - we are having these order books?

Randeep Narang: Yes, sure. We are currently working in more than 22 countries. We have order book in Cameroon, Tanzania, Nigeria, Mali, Bangladesh, Philippines and Nepal, so, we are fairly well spread out

Kushal Kasliwal: So, basically all the orders are from emerging markets, nothing is from countries like US or EU?

Randeep Narang: Yes. So, US, we do not intend to do EPC nor Australia. Only supply our products which are conductors and towers. We are also in Oman, we are supplying towers. So, the spread is EPC where we feel that we can do the jobs on time, quick execution and that is the strategic intent. So, typically we are in Southeast Asia, Africa, SAARC and India.

Kushal Kasliwal: Understood. And sir second question on the debt side, I heard earlier that your average cost of debt is around 11%. It is definitely on a higher side, sir, given the company which we have, I mean INR 200 crore, INR 300 crore PAT which we are doing. So, any comments on that, the cost of debt is actually on a slightly higher side?

Ajit Pratap Singh: Yes. One, we do not have long-term borrowing. So, basically these are cash trade limits primarily. Long-term borrowing is a very negligible amount. And this cost of borrowing is supposed to come down now with an upgrade in the rating. We recently got an upgrade rating from CRISIL and because of this IPO, in terms of liquidity also we need a better position and cost of debt will definitely be coming down over a period.



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- Kushal Kasliwal:** And who are our current bankers?
- Ajit Pratap Singh:** We have 14 banks in our consortium led by Canara Bank which is the lead bank. Other big banks in the consortium are like EXIM Bank, PNB Bank, ICICI, Bank of Baroda. First Abu Dhabi Bank we have recently inducted as part of our consortium.
- Kushal Kasliwal:** Fair enough.
- Randeep Narang:** Very good bank relationship, banking consortium.
- Kushal Kasliwal:** Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Jainam Doshi from Kris Portfolio. Please go ahead.
- Jainam Doshi:** Congratulations on a good set of numbers. I just want to understand the current fund-based and non fund-based limits and along with that, what is the utilization levels of such limits and with the quantum of such limits what is the expected order inflows like order book which we can cater to?
- Ajit Pratap Singh:** Currently, we have fund-based appraised limit of INR 600 crore and non-fund-based, INR 4800 crore totalling to INR 5400 crore for our regular business. Over and above, we have taken some specific project-based limits for our Bangladesh project for around INR 1500 crore, which will get settled once the project is getting executed. And we are also seeking additional limits from our existing banks with new assessment which is going on.
- Jainam Doshi:** Understood.
- Ajit Pratap Singh:** It is sufficient for our next 2 years, 3 years order book.
- Jainam Doshi:** Okay, got it. And second question is if you could quantify the order value of the railway mast and the metal fencing order which we have got for the bullet train project?
- Randeep Narang:** So, this is around INR 93 crore of order which we have.
- Jainam Doshi:** Okay. Thank you. That's it from my end.
- Randeep Narang:** Thank you, Mr. Doshi.
- Moderator:** The next question comes from the line of Priyesh Babariya from Mahindra Manulife Mutual Fund. Please go ahead.
- Priyesh Babariya:** So, how much capacity do we have in terms of conductors, poles and towers manufacturing as of now and how much it would become after capacity expansion and does that post-capacity expansion, does that will be enough to cater to the order book we have?



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- Randeep Narang:** Yes. This is something which we had planned and envisaged strategically. And therefore, already there is a capacity enhancement in towers and conductors as a Brownfield to 25% and 30% which work is happening and will happen in the next six months. And then we are looking at an additional tower factory. So, these two combinations will take care of our order book going forward.
- Priyesh Babariya:** Okay. Thank you.
- Moderator:** The next question comes from the line of Nishant Gupta from Minerva Global Capital. Please go ahead.
- Nishant Gupta:** Hi, sir. Thank you for the opportunity. Just one question. On the PAT margins, so any guidance on the PAT margins considering that the debt will be increasing and there will be some bit of higher depreciation. So, what can be a sustainable PAT margin going forward on the EBITDA margin of 12%, 12.5% which you guided earlier?
- Randeep Narang:** We are currently at 5.9% PAT for the 9 months. We are looking at a similar range of 5.9% to 6% PAT going forward.
- Nishant Gupta:** Both for 2025 and 2026, sir?
- Randeep Narang:** 2026 also we would be in the same range. The margin profile as you mentioned would be in the range of 12%, 12.5%. And we are hopeful that with our efficiencies, we will maintain this.
- Nishant Gupta:** Got it, sir. Thank you and all the best.
- Moderator:** Thank you. The next question comes from the line of Ayush from Shravas Capital. Please go ahead.
- Ayush:** The trade receivables can you just give us a split geography wise as to where these are from?
- Ajit Pratap Singh:** These are both international as well as domestic trade receivables. Domestic trade receivables primarily from Power Grid Corporation of India. International trade receivables from Bangladesh, Cameroon.
- Ayush:** Could you just quantify those if it's possible just give a percentage?
- Ayush:** So you can talk about the percentages of each business?
- Ajit Pratap Singh:** So, majorly it is from T&D business around 85% from T&D. And in the T&D business, international would be around 50% from Bangladesh, Cameroon, Mali, and Niger. Domestic would be from Power Grid Corporation of India, Adani.
- Ayush:** And how much is it from Bangladesh specifically? Could you just give that number?



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- Ajit Pratap Singh:** Bangladesh, as I said, overall we are in the money, but in terms of receivables, it's around INR 576 crore.
- Ayush:** INR 576 crore.
- Randeep Narang:** Part of this is already available for payments. Almost INR 250 crore is available in EXIM for payments. Hence, this is work in progress.
- Ajit Pratap Singh:** Against this INR 576 crore, we also have advanced line business for almost equivalent amount.
- Ayush:** Okay, sure. That will be it from my end. Thank you.
- Moderator:** Thank you. The next question comes from the line of Hardik Gori from Alpha Plus Capital Associates. Please go ahead.
- Hardik Gori:** Hi, sir. Thanks for this follow-up. Historically, excluding COVID period, have there been any instance of ordered execution delays? If so, what has been the typical duration of these delays?
- Randeep Narang:** During COVID period 2020-21, there has been actually work-wise no delays, but at that point of time, there were some issues on several projects for ROW and clearances were delayed. So, those projects are now getting to a completion stage, as I mentioned in the beginning of the call. Those have now almost completed and we are not in a zone where we have to worry about anything. During COVID times, we also grew by 7% revenue. And despite the 2-month loss of work time, we could manage that. Go ahead and answer. Sorry, your next question, please. I missed it.
- Hardik Gori:** No, sir. I was asking for except COVID, what have been those instances?
- Randeep Narang:** In our T&D business, there is a normal delay, which could be ROW or forest or issues with the client. And those are normal. It may get delayed by 2 to 4 months, but that gets normalized and you get an extension of time by the client.
- Hardik Gori:** Okay. And lastly, sir, what has been the typical traction on the international side on the order execution?
- Randeep Narang:** On the execution side, normally jobs are 24 months to 30 months. Domestic is 18 months to 24 months. The traction where you have multilateral funding, they are very supportive in terms of working closely with the consultant and client and supporting the funding and we don't see delays until and unless they are from the client side.
- Hardik Gori:** Got it. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing comments.



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Randeep Narang: Thank you all. It's been a pleasure for you to take time out with us. We are very happy to answer your queries. This has been our first earnings call post the IPO. And we look forward to you being patient with us and looking forward to the next earning call in the coming quarter. And wish you all the best and thank you for being with us. And for any additional queries, you may please refer to Adfactors PR or Chintan Kotak, who is our internal IR manager for any clarifications. Thank you all and thank you for your time.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of InCred Research, that concludes this conference. You may now disconnect your lines.

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