



# COSMIC CRF LIMITED

CIN NO. L27100WB2021PLC250447

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Ref. CCL/BSE/2024-2025/45

Date: November 06, 2024

To,  
Listing Department,  
BSE Limited  
P.J. Towers,  
Dalal Street  
Mumbai-400001

**Scrip Code: 543928**

Dear Sir/ Madam,

**Sub: Transcript of Conference Call with Analysts / Investors on Unaudited Financial Results for the Half Year ended September 30, 2024**

**Ref: Regulation 30 & 46 read with Clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This is in continuation of our letter dated October 26, 2024 giving intimation of the mentioned subject i.e conference call and subsequently furnishing the link for accessing the Video recording of the said conference call vide our letter dated October 30, 2024.

In terms of the subject and applicable referred regulations please find attached the transcript of the Conference Call held on October 30, 2024 with Analysts / Investors on Unaudited Financial Results of the Company for the Half year ended September 30, 2024.

Please note that the said transcript has also been uploaded on the website of the Company: www.cosmiccrf.com. The same can be accessed at the following link:

**Link: <https://cosmiccrf.com/wp-content/uploads/2024/11/TRANSCRIPT.pdf>**

This is for your information and records.

Thanking You,  
Yours faithfully  
For Cosmic CRF Limited

**Trupti Upadhyay**  
**Company Secretary & Compliance Officer**





**Cosmic CRF Limited**

**H1 & FY25**

**POST EARNINGS CONFERENCE CALL**

October 30, 2024 02:00 PM IST

**Management Team**

Mr. Aditya Vikram Birla, Chairman & Managing Director  
Mr. Rajesh Sharma, Investor Relations

Call Coordinator



Strategy & Investor Relations Consulting

## **Presentation**

### **Vinay Pandit:**

Ladies and gentlemen, I welcome you all to the H1 FY'25 Post-Earnings Conference Call of Cosmic CRF Limited. Today on the call from the management team we have with us Mr. Aditya Vikram Birla, Chairman and Managing Director; and Mr. Rajesh Sharma, Investor Relations.

As a disclaimer I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties, also a reminder that this call is being recorded. I would now request the management to quickly run us through the investor presentation and brief us about the business and performance highlights for the quarter and their growth plans and vision for the coming year. Post which we will open the floor for Q&A.

Over to the management team.

### **Aditya Vikram Birla:**

Okay everybody. Hello, this is Aditya Vikram Birla. Happy Diwali to everyone. Today is Diwali and we are all at a call. So I'm dressed like this because of that. I'll straightaway get to the presentation. So Vinay, we can go straight away to the performance highlights. So there's a message from the Chairman, the Managing Director. We have mentioned as to what has happened in detail.

We can read this through. But the main idea that I want to push on or the point that I want to mention is last year we had done in H1, the entire year actually, we had performed at around 18,000 metric tonnes odd, 18,000 to 19,000 metric tonnes. Whereas this year in the first half itself we have done more than 19,000 metric tonnes in terms of our complete production and layout.

This has actually led us to believe that we had actually proposed to increase our capacity from 18,000 metric tonnes per annum to 36,000 metric tonnes per annum. However, with the fabrication part which has been increased continuously there's a CapEx that's running out in Cosmic CRF along with that in N.S. The ongoing CapEx has allowed us to actually think about achieving 45,000 metric tonnes by the end of this financial year. If we perform at 90% efficiency also we will be doing 40,000 metric tonnes.

So the second point is the N.S. Engineering has been completely taken over since May this year, May 2024. And it's like a marvel to me because it's unheard of. In the next three months or four months we're good to start production. As of now we have already started one of its six lines. Six lines of production are there for manufacturing different products out of which one line is already in full flow and it is giving us good kind of turnovers.

By the end of this year I think this financial year we'll be able to achieve approximately 25 odd percentage of the total annual capacity. So say the annual capacity should be around 65000 metric tonnes. Even if you perform, I'd say, 90%, which I presume that we will be able to by God's grace, we will be in a position to do approximately that the entire quantum next year, but this year by doing hopefully 25% we'll be achieving on that complete quantum.

Vinay, we'll go to the next Slide. The key highlights. The consolidated order book for the entire group today stands at more than ₹520 odd crores. We've been specific about it because there's ₹119 crore order book that we had achieved in N.S. Engineering along with the ₹500 crore order book that we had already had, plus ₹504 crore order book in Cosmic CRF. This was actually presented almost one and a half, two months back. So since then we've already achieved ₹35 crores to ₹40 crores that we already executed. There are people who keep asking me as to why don't you take more orders. So we can always take more orders, I mean orders are in plenty available. In the infrastructure sector, there is no dearth of orders like there's like L&T which is personally about to give you an order of say ₹300 odd crores or ₹400 odd crores a single order. But the point is once you take these orders, you got to execute it.

Before we don't understand the factor that these orders come with a timeline. With railways also the orders that we always achieve are irrespective of its price and XYZ. We have to execute these orders, otherwise there's an LD. There's a late dispatch clause that is attached to your purchase orders where you get penalized for late deliveries. That is why this order book stands here. But we will be increasing the order book in the coming months. That's only because the more the N.S. grows, keeps growing, we will have to have a replenished order book of at least ₹550 to ₹600 odd crores at any point of time to keep the entire operations in its safety net.

And like I've always been mentioning that the company keeps growing, should keep growing and that's my vision and mission statement that we should keep growing at 100% CAGR every year. On the top lines and bottom lines it should keep increasing into double to double. If we want to do that, then the match says that the order books will also increase substantially, maybe double up in the next year. The volume growth has shot up to 68%.

The point that I want to really highlight more than the fluff that we keep talking about is the turnover that a lot of people personally ask me as to why is it ₹169 crores, ₹170 crores and why not more, because last year it was ₹125 odd crores if I'm not wrong, right. So what happens is we had done the same amount -- we had done half

yearly last year, approximately around 12,000 metric tonnes. Cut to this year, we've done 20,000 metric tonnes. The average pricing of the finished product that we were selling was almost ₹107.65 roughly. And this year it's almost ₹78.

The pricing has come down for two reasons. One, the orders that we are getting from the Railway Board, from the wagon manufacturers are more mild steel oriented. So the raw material that is required to manufacture the products and the wagons is mild steel in nature, which is basically cheaper in pricing, much cheaper, it's almost half. And the other part is that the steel market, as we all know, has taken a huge hit. So there's almost a 15% correction on the raw material pricing that we've done. Just give me a second. That's one more point.

So this, if we kind of correlate then my turnover should have been approximately -- if we have done, we would have done say ₹107. So 19,880 tonnes into roughly ₹107 would have been almost ₹220 odd crores, whereas we've done only, say, ₹169 crores. That's because of the raw material pricing. The percentage of profits have also shot up for two main reasons. One, because of the pricing. So basically if you get, say, ₹13 as a margin on a sales price of ₹130 vis-à-vis you are getting a 13% or 15% margin, ₹15 margin on a sale price of ₹78 to ₹80, the margins by default go up. But along with that, that's the peripheral math around it. But away from the arithmetics of it, the main point that has happened is Cosmic has really gone out and fetched for the prototype wagons.

Like I've always mentioned that Cosmic is very well equipped to manage and manufacture, probably the only company that can manufacture all types of wagons, all types of CRFs and components for all wagons, having said that, we have the split roll technology that I've been going on talking about in all my forums and I've said that this has allowed us in the R&D that we do at our end, that has allowed us to basically fetch these orders which are prototype in nature. What are prototypes? Just to give a small light on that.

So basically when wagon builders also get private orders or orders from the government as well, from the Railway Board as well, these orders in its own right are often for solution orientation, right. So it's not like the old wagons that were running over the period of years like BOXNHL, BCNHL, BVCM. These are the regular wagons that were going on over the last 10, 15, 20 odd years. Now we have wagon types like BCFC, which is specifically made to transport cement, which allows the transporter to actually kind of profit from the less of the pilferages are lesser, the discharging is easier, the carrying cost is much cheaper. So that is why these wagons are made.

BCFC is another wagon which is a prototype. We were also working with BOSM, which is a new tender that came out, which is something which will replace which the Railway Board hopes to replace. BOXNHL the old most used wagon for. Cosmic CRF as of now is the only company which is manufacturing BOSM and BCFC. BCFC, there are a couple of companies out of the other peers that have already stepped in, have taken a couple of orders. But even then the supplies are not at the same levels as Cosmic CRF because of the constant CapEx like again I said the R&D and the split role technology and plus the capacity enhancement, we have been able to supply all sorts of material to the prototype and that is exactly why our debtor books have also been stretched because we are getting better margins there because there's no other player there. So it's more like monopolizing that product for that period of time. So we are being able to fetch better margins and we are trying to execute them faster than the old wagons that we already have.

Having said that we also have to execute the old wagons. The percentage margins are decent there as well and it's not as buoyant as this, but yes, it's equally good. But that will all get leveraged out and actually it will all get equalized. These margins that we look at today, like for example the EBITDA margin has grown by 103%. Reported EPS has grown by 111%. Profit after tax has grown by 111%. EBITDA margins have grown by 56 basis points. Cosmic CRF's capacity utilization is at 90%, which is unheard of in an engineering unit because I've been working for 13 years in various engineering units of mine and this is unheard of. But the kudos to my team and the entire team of Cosmic CRF that's working day in, day out in the office as well as in the factories that they've been able to achieve this along with the vision. I mean, the vision is easy to say, but execution is the hard part. And we always believe that. We can say a lot of fluffy and nice things, but at the end of the day it's all about the execution. The PAT margins have grown by more than 367 basis points and N.S. Engineering is working at 25% on its capacity utilization.

We can go to the next slide, please. I've already mentioned it, but just say that the fabrication has allowed us to think about 45,000 metric tonnes in, not just 36,000 metric tonnes, because the fabrication itself used to do it in the outdoors. People would not get the supplies at the right time. There aren't many very legit fabricators around us who can actually quantumise or probably provide that kind of material outlay of finished products with that kind of precision. We have been able to create two more sheds in our facility in Cosmic CRF Limited in Singur. And we've been able to bring the in-house fabrication at a world-class level where we have been able to manufacture everything.

So initially we were only manufacturing the CRFs, but now we are being able to manufacture every the entire body at large. I mean it's just the assembly that's left probably. So that's one point. By the end of this year it's a guidance. But yes, if I look at 25% of the entire 60,000 metric tonnes and 90% of 45,000 metric tonnes, we look at 60,000 metric tonnes of execution, production and dispatches at the minimum.

The next slide, the half yearly statements have already been shared. I mean, there's no point reading out numbers. But the revenues are standing at -- the consolidated revenues are standing at almost ₹170 odd crores and the PAT margins are standing at approximately I think ₹18.5 crores. That in itself is a huge buoyancy. Last year, we were not even close to this. So it has shot up exorbitantly and substantially. There are a lot of people who would want to ask this question as to whether we can sustain this or not. I'm hopeful about sustaining this because we have a lot of orders from the prototype versions. Our debtors might be stretched to a certain extent though I'm trying very hard and we are putting things in place to bring down the debtor positions as well as the stretched debtor books. But irrespective the load up is important for us. I mean in terms of the raw material, in terms of the forward books, in terms of the advances that we've given to the raw material vendors, the load up is important. If you don't load up then we will not be able to double up the top line by the end of the year. Having said that we will, we will. So there's nothing that we don't need to worry about.

We'll go to the next slide. Again, this is the same. I mean the production capacity, I think it's a standalone part, but the revenue from operations stands at 108.6%. On the upper side, the EPS has shot up by 43.3%. EBITDA has shot up by 85%. Debt to equity ratio 0.1x, which is brilliant to my understanding. Profit after taxes gone up by 98.9%, let's say, 100%. And the capacity utilization has gone up by 80% obviously because we're doing a complete CapEx. And like I said during my listing also, when I was listing this company a lot of people asked me that, you know, how much time does it usually take to double up the capacity?

We always used to say that we are building and we're executing. So basically the mill that we set up, we want to start executing immediately. That is exactly the motto that we used in the N.S. and that is exactly why we could start executing the orders, start taking the orders and also running the mills immediately because N.S., when I had bought N.S. out there were a lot of mills that were in a very, very bad shape and a lot of mills were taken out by the ex-promoters.

So for us it was something that we had to literally build and renew the old and refurbish the old mills. But we've been very happy with the fact that we've been able to do it. 25% of it had to come in because I don't believe in loss making companies and I personally hate the concept and this word of cash burns. That's not the kind of business that I want to be in. Having said that, it's always a challenge to take up these new companies at half the cost or half the price of what I would have had to pay if I would have to set this up, ground up. That is the advantage.

But yes, the hard work that goes into setting it up and then obviously turning it around and making the ROCs and the CAGRs look better because these assets lie in your books for a longer period of time. And if they don't execute and they don't provide the productions and the sales don't go up, then obviously the numbers go really bad.

The next slide. Again, the annual balance sheet, I mean, this is something that's already been spoken about. This can be read through. There's nothing that I need to focus on the numbers. Okay, so these are things that I would want to share with all my listeners. The new interest that we have is we aspire to manufacture specialized paths for railways and tramway locomotives and rolling stocks. Having said that, we are already working with the prototype that we are trying to build on the Vande Bharat also.

So there are new parts that are being made in the Vande Bharat. There are almost 11 types of trains there. So we are trying to build up on the coach fabrications also. And we are doing our prototypes. In the next three months, we should be in a position to start dispatching all the orders. Aiming to become the integrated wagon manufacturer, we've already been mentioning this for quite some time, that we have something in mind. We've already mentioned it. We've quoted and bid for a company called Amzen Transportation Industries Private Limited, which is a part of the Amzen -- which is a subsidiary for Amtek Auto and that is an integrated wagon manufacturer.

Today, having said this, with the entire group effort that we have, plus the Cosmic CRF and having its own subsidiaries in place, we are manufacturing literally everything. We have a casting unit. We have a component manufacturing unit. CRF in itself gives the entire solution to all the products. So that we are just one step away from becoming the most integrated, I would not say the most, the most is a very arrogant word to use, but extremely highly integrated player in the entire wagon manufacturing space. And yes, this asset is something that we put our sights on. We're trying hard.



A lot of people have been questioning the fact that this was mentioned way back, but NCLT, sometimes accidentally like this, you have to act coy. You have to be at your best and have patience. This will come around to the best of my understanding. There's a heavy fabrication around it also. We are trying to build out on the fabrication part because you've taken the N.S. N.S. is primarily infra player though the fabrication and the rolling and the galvanizing, the production, the hammering, the forging, all of that is in the same place, it's a similar pattern because it's engineering in nature.

At the same time it allows us to get into newer products like bridges, over bridges, crash barriers, tested barriers, sheet piles, and a lot of type of sheet piles, not just one. And that gives us -- that actually allows us to provide the EPC players and larger players in the government bodies, like, through proper 360 degree solution. Like you have to just come to us and we give you the solution to the entire product on entire solution to your highways and to your dams, your cofferdams, your bridge makings. That is something that we're trying to build around. We are very, very confident that we will be able to achieve this part of our company and this solution orientation by the end of this financial year in wholesome.

The acquisition of Cosmic Springs & Engineers Limited will add to the entire capacity of the company going up to almost 1,10,000 metric tonnes. I will always say this is not just 1,10,000 metric tonnes, but I can say it's 1,20,000 metric tonnes. The reason being there's an engineering part to the Cosmic Springs & Engineers, the subsidiary that we are trying to get to. We are trying to buy out an asset. And once this asset is bought out, we've already shared our intent through the board meeting yesterday and this intent will be fulfilled after all the compliances are done and the due diligence reports are available with us. We are hopeful by January we'll be in a position to acquire this asset and also in Cosmic Springs & Engineers that make this a completely wholly-owned subsidiary of Cosmic CRF, which will add to the revenues at a larger level.

So about us, I think we are the leading manufacturers of CRF. I think everybody has heard that. We are trying to become an integrated railway manufacturer, a wagon manufacturer. We have wild applications on our products that we manufacture in CRF as well as in N.S., which is a wholly-owned subsidiary. We can also manufacture now automotive parts, under chassis for two wheelers, three wheelers, that was a prototype that we are working with and we will be able to achieve that also in times to come. We are also doing some protos with defence.

Primarily as a promoter I have always believed that India has stuck on four major legs. They are the four major pillars of Indian

economy, Railways being one, infrastructure being the second, third being the defence, four being agriculture. As of now I have put my sight on these three because see, there are always tailwinds to every industry that we have, every sector that we have. Railways shot up in 2022. We saw orders that were never heard of, never could have imagined such orders to come in. Like if people would have spoken about it, people used to laugh on my face saying this can never happen. At an average, India would produce eight and a half thousand wagons in a year. Cut to we are talking about 90,000, one and a half to two years, it's embarrassingly astonishing, but massive and it's being achieved, which is great.

Similarly with infra, 52 kilometres were being made, the roadways and the bridges per day, cut to today thanks to Mr. Gadkari and the entire set of bureaucracy that we have, plus the government, they have shot this up to almost 100 kilometres per day. So that's one point. That is exactly why we wanted to walk into this infrastructure space. Tomorrow if there is, there can be low days on anyone's life, anyone's sector, anyone's industry, but when that comes, there can't be two low days on both, all three or four sectors. That doesn't happen. India is a growing economy and I must say that the way it's growing, the whole world is looking at us. So people like us and promoters like us in our small ways can contribute. And when we talk about contributing, we don't talk about it from a CSR perspective, but contribution and make profits for our investors, for everybody, including the promoters also. So that's the way we want to think about life. We want to think about this company and we want to secure its interests in the longer period of time.

The total installed capacity is the similar slide, but obviously we are trying to hammer this down everybody's throat that yes, we can manufacture 1,10,000 metric tonnes per annum. That's the capacity that we are setting up. Next year we will be at 1,20,000 metric tonnes per annum at the minimum. And that is something that we are working on. The CapExes are in place. This year having said that with the math it should be around 60,000 metric tons at the minimum.

Our journey we started, we bought on Cosmic CRF in 2021, on the 9th of January, 19th of January actually, 9th of January we had the discussion, 19th of January signed the BTA, business transfer agreement, 7th of September we bought this company out completely. But before that we were already working with the company, so we were actually making the sales. So the sales were for an entire year. But having said that the entire asset got transferred to Cosmic CRF Limited on the 7th of September. 2022, we were in business and we were planning to list this company. In 2023, we were listed by 30 June and rest is history. Everybody knows about

what we've been doing. But the factor that I also want to mention taking this cue is that in 2023 when the company, around February 2023, the company had just been bought out and the balance sheets weren't really done.

By that time N.S. Engineering was already filing its Form G for people to put in their interest into buying the company out. So our company did not have the kind of measures because we were a new company. This company was formed in 2021 December and really there was no past records as such. So we were finally searching for eligibilities. We did not know whether we'll be listed or not and we were talking about the options of being listed.

That is exactly when we went to the bankers also and the bankers asked us to get another company on board and file a consortium to get this company out to buy this company if we can. Hopefully by God's grace we did. By that time, by the time this entire resolution went through we were listed and we had a market cap, we were eligible. The bankers were willing to fund us. But however the subsidiary, the other company that bought out 26% was a group owned by the promoters itself and they also punched in another ₹5 to ₹7 odd crores that time which was a big amount of money for Cosmic CRF.

There's a constant research and development that's happening and that shows it's just from me saying it, I mean we are talking about making products for the under chassis of locomotives and shelves and we are talking about manufacturing parts and CRFs for Vande Bharat. We're talking about manufacturing the best of the best products in terms of CRF, in terms of body parts, in terms of fabrication items for the wagon building and also for the new wagons. And along with that we're also manufacturing almost eight types of infra products and fabricating them and giving it to the best of the best clients like L&T and Shapoorji Pallonji and also these irrigation departments of various states.

This allows us to actually take kudos on us and say that yes kudos to us and our team. The R&D is at great shape and we plan to keep doing the R&D on a constant basis because I often believe, and I strongly believe this, that the companies that basically sit on its laurels, the promoter that feels that, yes, he's achieved something, ends up giving it all away, right. So we will keep building on our strengths. We will keep doing the R&D and we'll try and keep increasing the top lines, bottom lines, the interest portions for the investors, for the stakeholders and also for all our vendors and our customers.

The N.S. Engineering acquisition was expected to happen this year and it's been happening. It's happened. We have done it. This year the half yearly balance sheet shows almost ₹12.5, ₹13 odd crores of turnover, which is just one, one and a half months of business. This business will keep increasing month on month because every line that opens up will only increase on the sales. We already are running up with almost ₹107 crores of orders in N.S. and we plan to take another ₹50 odd crores in the next three months.

Having said that, we should be in a position to do 20,000 metric tonnes of complete production and dispatches by the end of this year from N.S. and almost 40,000 metric tonnes of production and dispatches from Cosmic CRF Limited's own factory in Singur.

Next. The product portfolio has already been discussed. So I mean there's a prototype, there's fabrication, there's similar items. This is again the N.S. part, but the subsidiary has a huge business and a huge size of the market is very big. We are talking about capturing the entire 15% of the market of cold rolled formed products which is projected to increase to 2.25 million tons over the next three years.

When we say that, we are often thinking as to what is the production, what is this projected amount that is going to grow. So railways at large is in a requirement of almost 8 lakh wagons as of now, out of which 3 lakh wagons will always be in refurbishments. Why? Because of the fact that the concept of cold rolled forming in sections came into railways in 2008 or 2009. After that they wanted to replace all the brake press items and the body part items and the body building items to CRF because they were facing with the difficulty of rehabilitating and refurbishing the old wagons every year. So there was a cost attached to it.

Railways felt we can accumulate a lot and allocate more money in manufacturing new wagons rather than just replenishing and refurbishing the old. So CRF came into picture. Now having said this, in 2010, 2011, 2012, the CRFs that were being supplied to the BOXNHL, the BCNHL wagons are now coming in for the repairs and maintenances.

So at any point of time you'll have 1, 1.5, 2 lakh wagons in the refurbishment centres or incapacitated in any way or the other. And to cover that up we had this order that came in which came in a jiffy and is being executed at great levels by all the wagon manufacturers. Having said this, by 2030 they will need to have 8 lakh wagons on the tracks. If you do the math we are talking about almost 75,000 wagons per annum. And to fulfil that there is a wheel set factory that is coming in. There is a wagon manufacturer that is setting up a wheel set factory.

There are imports that are being allowed at the wheel sets level for private wagons to be just manufactured and sold. So at that level we can see that the projected requirement is going to grow substantially and Cosmic CRF is building its own capacity to match the requirements, along with it attain at least 15% to 16% of the market.

- Vinay Pandit:** Aditya, shall we move to the Q&A now?
- Aditya Vikram Birla:** Yes.
- Vinay Pandit:** Major points are get covered over there.
- Aditya Vikram Birla:** Yes, the markets and everything. So yeah, this is the presentation that we've already uploaded in the BSE and the exchange. It is available for everyone to see and it is repetitive in nature. I personally believe that. But yes, it is information for somebody who is going through this for the first time and for the first time is coming across this company. This is detailed for them to understand and to understand the grip of the company, what it does for a living and what it's going to do in the future. We can go for the question-and-answer.
- Moderator:** Sure, sure. We'll disconnect the presentation and we move for the first question. The first question is from V and V if you could, announce your name completely.
- Vivek:** Yes. My name is Vivek. Thank you. Mr. Aditya, stellar performance, obviously you're projecting this for the next three to four years.
- Aditya Vikram Birla:** Yes.
- Vivek:** But your turnover and what you said 40,000 million tonnes, right?
- Aditya Vikram Birla:** Yes.
- Vivek:** That represents how many wagons? And when you said 15% to 16% of a 75k per annum wagon requirement you're saying 15% of 75,000, is around 10,000 wagons, right.
- Aditya Vikram Birla:** Yes.
- Vivek:** So per wagon what would be the cost and at 10,000 wagons what would be your turnover just from railways?
- Aditya Vikram Birla:** So from railways, if you're doing a 10,000 wagon business, roughly it is 2.5 tonnes per wagon, roughly. Because when you talk about a

BOXNHL, you're talking about 3.3 tonnes per wagon. When you talk about say a BOSM, which is being made right now, which is you're talking about almost 2.5. BCFC is again 2.6. When you go down to some wagons which are just the centre seals, which is the under chassis frameworks, those wagons require 1, 1.2, 1.3. So if you take an average out, it's almost 2.5 tonnes. So you're looking at 20, 10,000 into 2.5, which is 25,000 metric tonnes from this part only. But along with that you have the refurbishment business also where you need the CRF.

So the refurbishment of wagons that are coming in from -- and majority are BOXNHL. So BOXNHL needs 3.3 tonnes. Like for example, I'll framework this. Recently when all the wagons came in last year for the refurbishments, the design was changed from an old door to a new door. So the door was being broken very easily for the when they were being utilized. So the doors have been changed which has increased the utilization of the stringers and the side body parts. So it might go up to 3.5 tonnes also. That business in itself will be almost 2 lakh wagons.

So 2 lakh wagons if you talk about 15%, we're talking about 3,000 wagons, 4,000 wagons, at 30,000 wagons at totality. That is executed over a period of two years. And these are orders at railways directly. Along with that you have your buy your own wagon scheme. So buy your own wagon scheme is away from the 75,000 wagons, which people use on their own gantries. They use their own sidings. Like for example, today CIL needs more than 3,000 rigs, there is a requirement that is constantly available from UltraTech. There's a requirement that's constantly available from Jindal Stainless Limited, JSW as well.

So there are larger players who have their own sidings and they want to get their own wagons. So, that in itself that quantum is also 10% over. So we are talking about 35. We are talking about a totality of almost 40,000, 45,000 metric tonnes in totality. If we achieve that, we will be able to achieve almost 15% to 20% odd of the market.

**Vivek:** And is there a plan to take market share away from the biggies or that's an area that you will only once you settle down we'll look at that?

**Aditya Vikram Birla:** From where, I guess?

**Vivek:** From the biggies, you know the other large wagon manufacturer--

**Aditya Vikram Birla:** In CRF, I'm the only biggie.

**Vivek:** You're the only biggie.

**Aditya Vikram Birla:** In CRF, I will tell you Vivek, what has happened is over a period of time when we came into this business we were number three in terms of capacity. Pennar Industries was the largest player and today also they've got a larger capacity in terms of cold rolled forming. But they manufacture more PEBs like pre-engineered building products and XYZ. . They're more kept on to that level. They are not focusing on the wagon business and that is because of one single reason. Majority of the serious wagon builders are in the east of India and they have a huge cost problem where they have to provide this material from Hyderabad or Telangana to the east of India. So the freight cost is almost 5,500, 6,000 metric tonnes.

If you realize when I had entered this market we were talking about margins of almost ₹14, ₹15, say about ₹17 per kilo. And today we are talking about margins for conversions of almost ₹13 rupees, ₹12 per kilo. The reason, and we are one of the main people who have been frontliners in doing that because we had realized that to get the market share we need to put some people in their own corner otherwise we'll not be able to back to us.

We were always interested in scaling up in terms of the quantity rather than just making lesser quantity and making more products and making more margins on that because the margins are not that - - it doesn't go out from like 30 to 15, it doesn't go like that. It goes from 17 to 12. But that difference can be made up with almost doubling up your capacities. I mean it will cover up completely.

**Vivek:** Okay, some very, very basic question. These three large players, Titagarh, Jupiter and Tex Rail, what does they do in relation to what you do?

**Aditya Vikram Birla:** They are basically assemblers. Every wagon manufacturer is a practical assembler. Now they have an in-house CRF that they've put up. They do probably make some products for themselves. But at the same time in a CRF, say for example, you're talking about a BOXNHL wagon, like I'm talking about a BOXNHL because everybody knows BOXNHL. So it's easy to refer. A BOXNHL wagon, you need more than almost 39 parts. So those 39 parts are not being able to be -- cannot be manufactured over one point of time because different roller sets, different types of thickness of material, different widths of material. So there is a lot of permutation combination there. They always end up buying more products than they manufacture back home.

And they have -- see once -- for them CRF is a smaller game because they are more interested in completely assembling an entire wagon and then selling it to the railway board or to the private players. For

them this is an ancillary. Our company is like an ancillary to them, right. The business that we do is almost what it's almost like 10%, 12%, 15% of the entire wagon. And if you add the component business also we will be still at 25%, 30%. The steel is almost 50 odd percent. The rest of the 20%, 30% is your castings. So this in itself is something that they don't really go into at larger scales. It's like Cosmic CRF goes into manufacturing the smaller handles of the door that we manufacture for the wagons. Now we will never go there. I mean the door knob is available at ₹230 in the market. It is sold widely across Howrah district in Calcutta. And if I go there I probably will save ₹10, but my overhead costs will be much higher. For them it's the same. For them the overhead costs are much, much higher than where we stand today. So there's no competition as such.

- Vivek:** Thank you. Thank you so much. Thank you.
- Aditya Vikram Birla:** Thank you. Thank you.
- Moderator:** Thanks Vivek. To address everybody's questions, we'll take only two questions initially per participant. We'll take the next question from Akshat Chhabra. Akshat, you can go ahead.
- Akshat Chhabra:** Hello. So firstly, happy Diwali and congratulations. Congratulations for a fantastic result.
- Aditya Vikram Birla:** Thank you so much.
- Akshat Chhabra:** So I just had very quick questions. So how many certified CRF suppliers are there to the railways in the entire market?
- Aditya Vikram Birla:** Yeah. How many suppliers, right?
- Akshat Chhabra:** Yeah, yeah.
- Aditya Vikram Birla:** So there are -- absolutely in the RDSO there are nine suppliers.
- Akshat Chhabra:** Okay.
- Aditya Vikram Birla:** Out of which I think there are four suppliers that are not in the east of India. There are two suppliers out of that which are wagon manufacturers themselves. The third supplier is also wagon manufacturer who's just got his credibility like his accreditations from the RDSO. And the other three are much smaller in size than us. It's almost not even half like it's like 35%, 40% odd percent.
- Akshat Chhabra:** Understood. So also you had mentioned in the middle that you're looking at some defence applications. Sir, if you could just give us



some information about what exact -- or you are bound by confidentiality.

**Aditya Vikram Birla:** So I tell you what actually. I mean this point of defence is basically we as a group have worked a long time with Garden Reach and a lot of these defence companies where we may manufacture smaller components. In the group at large we manufacture more than 3,000 SKU'S of 3,000 items on smaller and larger levels. Forged, casted, inducted as well as drop hammered called cold rolled forming fabrications XYZ. Out of that there are small items. I don't want to mention it, I tell you why.

The reason why I don't want to mention it is before we get the orders and we get the prototypes done, this concall might be out in the open and it might be -- I mean it is out in the open. People will hear it and they will know exactly what are the products that we are hitting at. But yes, in the next one, one and a half months you will get to know as to what products we are going for. We are going for three specific products and they are more fabricated in nature and more redone in nature rather than just creating something.

So often people, you know, when they talk about defence in our heads also when we were like four, five years back, there was no clarity in defence, defence means tanks, gun etc and all that. But in reality there are a lot of items that require plus with railways and defence this company N.S. Engineering will be supplying material to them as well because they need cofferdam priority. They need dredging to be done. They need their belly bridges to be made, bridges to be made. So they need bridge guarders, they need sheet piles, they need crash barriers on their own end. They also need support angles, trench boxes which are something that are being manufactured in N.S.

**Akshat Chhabra:** Understood, sir. Sir, looking forward to getting to know that. One last question. Sir, you had mentioned also that you -- in the N.S. Engineering facility there are six lines and one is currently operational by FY'25. How many lines do you expect to be operations?

**Aditya Vikram Birla:** So FY'25. FY'25 will be having two and a half lines applicably operational. That will give us almost 25% to 30% of the operational capacity. But we are not certain that we will be able to attain that capacity. The reason being I said two and a half. The half is basically half a product that's being made. The rest of the half of the material we'll be manufacturing by first quarter of 2025, the second quarter of 2025, the entire financial year. But what is going to happen is when we buy these materials from the market we don't get accreditation for this product.

So we don't get the orders directly from the party or from the EPC car contractors. We get it from brokers. And these brokers take material from us like any other steel material and the margins are also lesser. So we don't want to push it. We want to manufacture that. We want to wait for our accreditation to come through the BIS to happen and also for the testing to happen. Once that happens, then we are on three lines. By September 2025 we'll have all six lines in full flow.

**Akshat Chhabra:** Understood, sir. Thank you so much, sir, and wishing you all the best for the coming years.

**Aditya Vikram Birla:** Thank you. Thank you so much. Thanks, Akshat.

**Moderator:** We'll take the next question from Nikhil Chandak. Nikhil, you can go ahead.

**Nikhil Chandak:** Yeah. Hi. So I just had one question which is I understand and you also mentioned that the larger group also has some similar businesses. I wanted to understand, is there a plan eventually to kind of consolidate everything which is in the group into the listed entity, which is Cosmic CRF? And if yes, like when are you looking to kind of do that consolidation?

**Aditya Vikram Birla:** Nikhil, it's a good question and I will tell you what. When I made this company, like when I formed this company up, my idea was -- after listing my idea was to actually start consolidating everything. So when we talk about if you look at my guidances that I keep giving that we'll double up every year, it's practically not possible if you don't consolidate, it's practically not possible because ground up you can't keep building and NCLT is not my father's that I'll keep going there and buying new companies, right. So we'll have to keep consolidating. This Cosmic Springs & Engineers is actually buying an asset that is already owned by us in one of our companies and we are buying that asset at half the price, half the price being because we've already started the manufacturing.

So what happens is when we take this company out through a BTA process, the RDSO and all the other procedures and all the other licensing doesn't take that much time. You're already in business. You're actually already supplying to the vendor, to your larger customers and that helps you get the licenses faster. Plus you don't have any downtime. So when you set up a mill and then you are wasting time on the slow rolls, the cold rolls and then cold rolling and then the production and then the testing, that in itself takes six months.

So what we are doing is we are not getting Cosmic CRF spoil its books. What we are trying to do is we are trying to do this on the outside. There are other businesses that we keep doing. But see there are two businesses that I have. Two large sized businesses that I have which is also supplying to the railways like casted items and fabricated items, smaller components. They are with my brother. Now, he'll have to say yes to it. So let us make this company that large that he feels that yes to your company.

**Nikhil Chandak:** Perfectly. Thank you. Thank you.

**Aditya Vikram Birla:** Thank you.

**Moderator:** We'll take the next question from Ashish Periwal.

**Ashish Periwal:** Hi Aditya.

**Aditya Vikram Birla:** Hi, Ashish.

**Ashish Periwal:** First of all happy Diwali to you and team and congratulation on decent set of number. I have two questions. First is on that I read a press release that we have some tie up or there is some discussion with the Russian railway giant for some tech tie up. So can you give us some update? I'm not sure if you have given it in the call because I joined the call in between. So that's the first question that what is the update on it? And if it goes through then what will be the impact on our financials? And the second question is that shall I ask--

**Aditya Vikram Birla:** Ashish, let me answer this and then we can go on to the next question.

**Ashish Periwal:** Sure.

**Aditya Vikram Birla:** We'll do that, right. So Ashish, this has happened. We have already mentioned it in one of our notices to the exchange as well. We were in Moscow with my entire team a couple of times and we had a detailed discussion with one of the railway giants. We've signed an NDA so that we can't give their name until we sign a contract with them, there is minutes of the meeting. There's a contract as well that has been signed in the preliminary of things. But in the eventuality of things, we are waiting for a takeover to happen that will add value to this association that we are doing with the railway giants in Russia.

What are we doing with the railway giants in Russia? See they are as far as I believe with the kind of things that I've seen with the little knowledge that I have about railways I believe they are much ahead of us in terms of its tech. So we are trying to do a tech transfer with

them. Why a tech transfer? So the tech transfer will happen where they will provide us their know-how, their technological skill and the machinery and the entire design. We will be able to manufacture those products in India for them and sell it to the countries where they probably have a problem in selling.

Now why? What adds value to this is as a producer, as a manufacturer I don't only want to be dependent on the Indian market for nothing. So for example CRF, I was only manufacturing products for the railways. Now I've stepped up in within the next six months. So if you see I got this company out in 2022, by 2023 I was already pitching without enough eligibility. I was pitching for taking over N.S. Engineering because that would have given me a foray into the infrastructure sector.

Similarly, the moment we started thinking about making ourselves an integrated wagon manufacturer which is obviously the end goal of the entire consortium because we do everything for the wagon and the coaches and the railways, a wagon manufacturing facility will give complete integrated processing, backward integration, forward integration will be completed and we be able to take out the best value out of it. But having said this, 70,000 wagons from my mathematics is required by India, by the Indian Railway after the DLCC within 2030 actually.

Post that there might be some situation where there will be some sort of stagnancy. Maybe there'll be 40,000, 50,000 wagons that are required every year. But our companies will go on to keep increasing in capacity. So we will have to open markets. It is better to open the market right now than to go that day when we probably do not have option here and we go running there and a lot of us who are running to Russia and other places.

And about the second part of your question was I think that you asked me what is it going to add on the revenue part. So see if you go about a wagon manufacturing business, wagon manufacturing at large is like almost a 32, 33 lakh business. Whereas when you are trying to sell this product, the similar products, costings can be 15% up and down, like not down, up only, but in terms of the requirement that they have, but the sale price is much higher. It's almost like 44, 45 lakhs, 46 lakhs, sometimes they give you 52 lakhs for specialized wagons.

That in itself will add a lot of value. But having said this, we do not want to do something like this, like we don't want to show those numbers because they're large numbers compared to the business that we are doing right now. But once we are in that position we can get into that position within next financial year. If we get into that

position because the take one is to go through and then we will accumulate ourselves and our resources and we'll go to Moscow and we'll get this done because this is just on the brink of it's happening. I mean they are waiting for us to call them and go them and just sign the documents. We're just waiting for this trigger to happen in India.

Once this happens, then we can do that. There's a question that comes to my mind when I answer this is what if we are unsuccessful in one of our takeovers? Then what next? Does Russia go down? No, it doesn't. We are already working with the land parcel for the last three months. That's also in West Bengal only and it's a railway siding. And it will take one extra year for me if I don't get this asset. We'll probably take two years rather than one year, but we will set it up. And to keep the Russian partner in bay and in complete consensus with us, we will start business with them through our casting units. So we'll start selling our fabrication and casting items to Russia, exporting it to them.

**Ashish Periwal:** Okay, one follow-up question. So are we looking all the asset acquisition in West Bengal only or we are planning to look pan India because there might be some geopolitical risk which I see, I mean--

**Aditya Vikram Birla:** Yes. I tell you what Ashish, we are a 52-year-old business house. I'm third generation but I'm heading everything now. So with all my humility I can say that we are primarily based in West Bengal. Like we have a lot of our business interests, a lot of our factories in West Bengal. But yes, your concern is also something that has been addressed at our board levels, the assets that we are talking about are in the west of India. It's not in the east of India.

The next asset that we are setting up is probably in Jharkhand, not here. We are trying to deleverage ourselves from only being called West Bengal, a territorial company. In the east, we are trying to go pan India. If the acquisition and I personally feel, I mean I'm a very positive thought process guy where I feel that yes, we will be able to get through this deal. It might take some time here and there but by time also another month or two, three months. Once we get through this deal, we will be having a larger asset there than all our assets here. And plus after Jharkhand happening in the next financial year, next to next financial year, we will have three or four states that we've covered in Cosmic CRF.

**Ashish Periwal:** Thanks. And one last question. So I see that the guidance is of 2x revenue each year. So maybe in the next five year we will be 8,000 to 10,000 CR top line company. So is my understanding correct, I hope it is each year because in the PPT it is a doubling five year something was--

**Aditya Vikram Birla:** Yes, that's the vision and the mission and we are working very hard on it, Ashish. I mean, we always have our own competence level and we have our own – you know our own threats and opportunities and all of that spot. But having said this we are working around the clock. We are absolutely committed to achieving what I've said the entire team is. And we are working around the clock to achieve that. The asset that we talk about today for a takeover is going to give me the revenues and the profits almost one and a half years later. Not every asset is going to be N.S. because N.S. was just very allied and very close to our asset also to our Cosmic Singur. And we had knew a lot about this company. So we could really turn it around on its head very quickly. But even then I mean it takes time.

So what we have thought about this is Ashish that I've done the math also myself when I stated this and I wanted to be very clear, clarified about it in my own head, and I said that if I need to keep increasing it I need to keep doing these takeovers, need to keep building on the production levels, need to keep building on the asset levels. And this entire process and we cannot go out of our competence level or out of our business sectors. So we are doing this on a day to day basis. There will be information which will be given to every investor through the exchange i.e the BSE intimations that we keep giving. In the next six months there will be a couple of units that we will be talking about and that will give you the ideas to guess that we can probably do this. We can probably do this.

**Ashish Periwal:** Cool. All the best, Aditya.

**Aditya Vikram Birla:** Thank you. Thank you, Ashish. Thank you.

**Moderator:** Thank you. We'll take the next question from Hanu Rao. Hanu, please go ahead.

**Hanu Rao:** Yes, thank you.

**Aditya Vikram Birla:** Yes.

**Hanu Rao:** Yeah, it's very good set of numbers from Cosmic CRF.

**Aditya Vikram Birla:** Thank you so much.

**Hanu Rao:** Yeah, it's very good. So you know the outside talk is like the promoter is like you know aggressive, but I can see the aggressiveness with respect to what you speak and your execution skills are very good.

**Aditya Vikram Birla:** Thank you so much. Thank you so much.

**Hanu Rao:** In this respect I have two questions. The first question is you are giving guidance for next three years or four years.

**Aditya Vikram Birla:** Right.

**Hanu Rao:** But if you see the business, it's like a commodity, its steel. Maybe if there is a fluctuations in the steel price, how you will compensate the guidance going forward for next three years or four years. That is my first question.

**Aditya Vikram Birla:** Right.

**Hanu Rao:** And second question is like, you know, you are--

**Aditya Vikram Birla:** second question.

**Hanu Rao:** Yeah. Yes, please, please.

**Aditya Vikram Birla:** That makes it easier for me to say otherwise we'll again reiterate. So the idea is that Hanu ji, this question was asked to me almost four years back when somebody asked me about railways. So we usually deal with our businesses through a PVC clause. That's a price variation clause. I am always of the opinion and I tell my customers also that I'm not into the steel trading business. I don't care about the steel pricing at all. Why? Because if I would buy it and I would arbitrage it and I would sell it for making the profits that was a separate issue. I am an engineering solution provider, an engineering company, a component manufacturer. My business is primarily engineering. So I am providing that skill set, that product. I'm making that product for my vendors or for my customers at a particular cost.

The cost is something that I usually break up with my clients. Like for example with Titagarh I sat with the board and I have broken this cost up a million times where they kind of question why are you taking so much profit from us? And we break it up and be like this is what we want and this is what we work with. If the price goes down tomorrow for steel, then my price all over goes down, but my margin doesn't go down. That the margin isn't a wholesome number. Like it's like maybe ₹15, maybe ₹10, maybe ₹7, depends on various items that we manufacture or in different sectors.

Along with that, if the price goes up for steel pricing so our price also goes up, the selling price also goes up..I mean the steel pricing being constant, the pricing will remain constant. My margins will remain there. Having said this, you have rightly pointed out, the railways is an easier market to deal with because we talk about price variation clauses because the wagon builder also has the price

variation clause and also all extenders. But along with that, when we talk about say infra market, infra market does not really have a price variation clause because we have the EPC business.

That is why we have made life very simple for ourselves. The kind the debtor stretch that we see in our books is because of the railway business that we are doing and because the prototype. Talk about the N.S. When N.S. comes in full flow, we'll hardly have any debtors, hardly. Because the reason is we will want to do cash business, make it today, sell it today, or sell it tomorrow at the price that we bought. We will have forward books with the sellers of the raw material.

So for example, there's a concept in the raw material purchase, if you want to purchase say 100,000 metric tonnes or 200,000 metric tonnes, substantial quantity because these are very specific items that we manufacture. It's not like the run of the mill IS 2062 Grade A available everywhere, 1250 width. It's not like that. It's like specifics 1150 width. E450 BR copper, BR COR copper bearing FE570 grades. So these grades are specifically made for us because the steel mill makes it then they don't have a lot of buyers for this.

So what we want, what we usually do is we give them say an open LC and the LC is a rotating LC and we book the entire order on the entire year. It is not to do with the pricing at large. They might make a profit on it. They might make a loss on it, but that's not my concern. For achieving that kind of hold on the raw material sellers, we need to get into that quantity level. So till now we are on the railway side. We are protected by the PVC and the understanding between the railway giants and ancillaries like us. But eventually we will get into 100,000, 150,000.

Once we get there in the next one year we will have that set up with the steel mills. So that will protect us from the price variation and from the arbitrage of the raw material pricing.

**Hanu Rao:** Okay, sir, thank you. And my second question is related to your next takeover. It's like Amzen, which you are currently in the NCLT process.

**Aditya Vikram Birla:** --two months back--

**Hanu Rao:** Yes.

**Aditya Vikram Birla:** I had already planned my after party, you know, after the takeover - after party. Yeah, I was planned. But imagine at 35 being impatient, you can see me on screen and you can realize how patient I am with these kind of things which I've already put a milestone on. So see I've actually done that a couple -- sorry, please.



**Hanu Rao:** My question is not completed. The reason for asking this question, you know, to acquire this company, it's a kind of turnaround for Cosmic, right. Maybe other people don't know, know or don't know I'm not sure, why because the currently that Titagarh and the Other Jupiter, they are around 15k market cap companies. And right now Cosmic CRF is like ₹1,000 crore, ₹1,200 crore market cap company. Once this takeover is success, if it is not success, you have Plan B. But I want to know the timeline. If this is success, how much time it will take to start production? And if it is failed, your plan takes question how much time it will take? So I want to give plan A and plan B time zone. Thank you.

**Aditya Vikram Birla:** Yeah. So Hanu ji I'll tell you what. We have three plans. One is to take over the unit that we are already fighting for, right? This is NCLT. We have put in all our resources on the page and we are trying hard to get this. So I am very, very buoyant on the fact that we will be able to get this. The timeline should be by the end of this financial year we should be in a position to acquire this. Having said this, if we acquire it, it will take approximately nine months for us to refurbish it and get the licensing in place because it was a company that used to manufacture, it is integrated. It's a state of art, no doubt about it. But it hasn't manufactured over the last two and a half years. So it will take time to refurbish and the licensing will have to be again reinstated, which doesn't take much time, takes two, three months, but it will be reinstated.

So I have kept nine months for that. But having said that, our productions will start in three months' time. Why? Because every wagon building unit has a fabrication and a deployment of production of smaller parts also along with the entire assembly. So assembly is one part of it but the manufacturing and fabrication part is available. That can start from within three months. So we will not go into a position where we buy an asset which is extremely hefty on the books, but we go completely null on the entire year in terms of revenue. That is not going to happen.

Point two, if we do not get this, then what's next? So I spoke right now to a gentleman right now about the fact that we've already seen a land parcel. And we already seen as in we've started investing the land parcel. We are very deep into it. It's a railway siding. It's in West Bengal. West Bengal gives us a very lot of clarity on the fact that my other companies can also provide me all the components. I don't have to wait for anyone else to provide me these materials. The main idea, like, I mean when I'm talking about this, I just want to throw some light on what happens in wagon manufacturing why people don't perform like the way Titagarh performs or like a Jupiter performs.

The reason is Titagarh and Jupiter have a very decent format of acquiring the raw material and all the items to assemble in a particular wagon, even if you don't have one nail on the wagon, you don't get a DM like a dispatch memo. So it remains like that and it's your dead working capital that's lying there. It's very important for us to come from the back. So the backward integration happened first over the years where we have all items, all components. So today if we get into the assembly part, it's my companies only who will be able to provide me insights. So our production jump will be much higher.

Why did I want to mention this point is because the moment you say after nine months you go into the complete production part. So we will not go like, say by 30% in the first year, 70% in the next year, like the way we make CMA datas. It'll go straight to almost 80% on the asset that we've spoken about 80% capacity utilization right from the month 10 because there's no reason for us to stop. The second point that I was mentioning that there's an option two will take one more extra year than it.

So say for example option one, March, we get the asset nine months from there. We are talking about December. December onwards it starts. December to March you will get some wagon outturn before that you will start having your fabrication out burn, so you'll have decent amount of revenues. Maybe 25%, 30% of the revenues will fall in. Next year you'll have full flow. If we have option two, you just add one more year to it. So it's December 25th for option one for startup, December 26th for option two.

Now the third option is there's a lot of consolidation that will happen. There are a lot of wagon builders that are still lying there which are not performing like the top two, top three. We talked about the top two, top three all the time when we talk about a wagon industry. But the requirement is in such a need, it's a need of the art for the railway board that they will have to reconstruct or probably have to tell these guys to sell out and these guys will find value.

I mean when they were sitting with wagon manufacturing units over the last hundred years, I know a couple of companies weren't naming them. They are 110 year old companies. They're sitting on the land parcel now. They're calculating how much the land has costed me. How much land will fetch me if I stop this business. So those are the guys who will be selling you these products at the pricing that you will need maybe some premium, but you will get it. So there will be options available over a period of time. We want to fight for this because I have always believed Hanu ji that if you look at two options at one go you always get very complacent about it. So let's

look at only this one option. Let's put in our all fight for this. I am very, very burned on the fact and very confident that we will be able to achieve this. If we do then investors history. If you don't, then we go to option two and we are talking about one more year.

**Hanu Rao:** Thank you. All the best, sir

**Aditya Vikram Birla:** Thank you. Thank you.

**Hanu Rao:** For your team as well.

**Aditya Vikram Birla:** Thank you. Thank you.

**Moderator:** Thank you. Before we move to the next participant we'll take a few questions from the chat window. We'll first take it from Shashi Anand. Shashi, you can go ahead please.

**Shashi Anand:** Hi Aditya. Happy Diwali.

**Aditya Vikram Birla:** Happy Diwali, Shashi.

**Shashi Anand:** Loved your energy during the call and also your understanding ground up of your business. I have two broad questions. Lot about Amzen has been talked about. My understanding of this call is a lot of things about wagon manufacturing hinge on your Amzen NCLT process, right. And it has and -- I don't want to kind of over question this, but when do you decide to go with, let's say it may take six more months. I don't know what kind of clarity you have, but it may take more time NCLTs of this, right. So when do you decide? I want to put a stop to this and I want to move to option two or a three, a quick revert there and then I'll move to my second question.

**Aditya Vikram Birla:** So you are asking me -- if I can reconstruct your question just to get some clarity that you are asking me that this might take six months. I'm with you on that. NCLT like I said it's not my father's. I mean we can put in our best but that's the best. It can take some time. And we have seen Amzen in the past has gone for four years. I mean the CoC meeting that we do is like 50th CoC meeting. Like the guy was 70 when he joined as an RP, he's 80 today probably. It's strange. But like the asset that I'm talking about, I've already started working on it, right.

So that asset, when I talk about two years is only because usually when you set up a wagon manufacturing unit from ground up in West Bengal per se, we talk about three years because the land allocation, the land buying.

**Shashi Anand:** No, sorry, sorry, sorry. So I was asking when do you decide? I don't want to go with NCLT process anymore and I want to move to my option two. I understand your timelines after that, once you decide. But when do you decide? Or you just kind of wait for NCLT to say no?

**Aditya Vikram Birla:** Probably would have answered your question in the second paragraph. So I will not stop. I mean we were not going to stop. We are relentless in our approach, once we have started we will not leave it, your question might me that what is going to happen if you buy that also and you've already made this unit, right?

**Shashi Anand:** Yeah.

**Aditya Vikram Birla:** So there are 75,000 wagons to the best of my knowledge. Now let's understand this and let's say my knowledge is not at its best. We talk about 75% of that. So we are still talking about 50,000 wagons. With my Russian counterpart belief and with the mathematics that we've done, we will get some orders of almost 4,500, 5,000 wagons from there if we want to get. I mean, I don't have the kind of capacity.

So when we talk about say 50% of that capacity, it's 2,500 wagons. When we talk about 50,000 wagons, we are practically nine serious players, wagon builders out of which four have a capacity of more than 600 wagons, four. Out of which only two manufacture above 700, 600, 650 at a continuous level because they have two plants, mind you, they don't have one plant. Titagarh has two plants. Jupiter has two plants. The others, like HAI also has two plants. But they don't perform like that. They have over performed from what people were expecting, but they have made 450 wagons. But when we do the math, we are talking about say 700 wagons at an average. And we're talking about say 11 wagon builders, 7,700 wagons into 12. We're talking about 92,000 wagons. Most of these wagons are also going to the private wagons also.

There are some wagon builders that make completely that. Now when we talk about 700 wagons, it's uncalled for. When you do the math, if you do a weighted average of all the wagon builders, I'm telling you out of the 11 top two are making 700. So let's do the math together, okay. So it's like 700, 800 for Titagarh they're doing a thousand but they're averaging out at 800. Let's talk about say an HEI which is 400, 456, 500, then we talk about the others, which do not cross 150, right.

Starting from SAIL rights to BESCO, all of these guys who make more than 150. And majority of them are some wagon builders which make 35 wagons. So we are talking about 100 wagons into say 100 into 7 plus 400 plus 700 plus 820, 2,600 into 12, we have

31,200 market still open. So even if you discount what I'm trying to say by 25%, by 30%, I'm still having a market share like I can go out and get 10,000 wagons for myself.

The best part is you know what? The best part is when people like me come in with say 4,000, 5,000 wagon capacity on the first go, so we become the guys that everybody takes care of because we are the new entrant. We might break the pricing and we don't need that kind of quantity what they mean. So we are in a safe spot on that nature.

**Shashi Anand:** Yes. Second question is I see Aditya working for at least has eight to nine positions at least, what you saw on LinkedIn, right.

**Aditya Vikram Birla:** Yes, right.

**Shashi Anand:** You are also doing a lot of let's say going through NCLT process. You are enabling a lot of things, right. And you are trying -- your hands are at multiple things. I tried getting let's say next line of leaders of yours on your website or let's say even your declaration I'm not able to get to. So can you throw some light on your org structure, your next line, you are doing N.S., you are doing Cosmic. You have five, six more positions. You are doing something in EV. So what's your next line of leadership? Since you are -- so you'll need team, right. So there I'm not. Yeah.

**Aditya Vikram Birla:** So I come from a family which has worked with like my dad and all my brothers, right, so they're three brothers. They are brothers, having three brothers, they had partners. So when I came into joining like I finished my education in the UK. I came back in 2012. I joined my company and I used to feel people are more and work is less. See the idea is I always believed since then and I because I was studying abroad and I kind of believed that professional management is the way to go ahead. after a particular point if you think about it, 3,000, 5,000, 8,000 crores of orders coming in, going out from 4 units, 10, 7 units, 8 units it's practically impossible for one man or for any leader to take care of on his own. Now what does the leader do basically? He's a CMO, the Chief Money Officer -- so that he -- and also your Chief Compliance Officer, also the vision guy, the mission guy, the guy who's basically looking at the numbers and telling everybody what to do at the right time.

So if you see, if I divide my 14 hour, 15 hour work schedule, and I mean 14 or 15 hour, I'm not faffing in the way that, okay, people say 16 hours, Elon Musk works for 20, somebody might say 25. We are working for 14, 15 hours at a go. I am telling you I find it easy to handle because I have certain ways of handling it. But having answered your question, if I want to answer your question by the next one, one and a half, two years, we will have more robust boards,

people like board of directors. We will have people who are already working with me in consultation formats.

I have a large, larger team. Like If I have 100 people in my muster roll for Cosmic CRF in terms of my employees, not my wage earners, I have literally seven or eight consultant bodies, which are working to me, working with me hand in glove and they're like partners in crime. They are all at it. So I have actually delegated my work very nicely. It's happened. I mean, at times I used to feel how have I learned this and how have I evolved over a time period of time? But I think time teaches you, you kind of start feeling stretched for some time in a month, you wriggle out of that stretchy moments and you start finding the right person for the right job.

Today we have grown from 22 people work strength to 110 plus 7 consultants in a time span of I think nine months. And that is not increased by shot up my costs massively. That is why the consultancy, that is why they are not in my master roles because we can discontinue if you want to, we can continue, we can go up to the next level. This has allowed me to open a lot of arenas. Why do I have opened a lot of arenas? I want to answer that also though you have not asked me this question.

So I personally am a guy. See, it's all at the end of the day it's a man behind everything. It's a concept. My concept is very clear that every guy in his life usually has five to seven odd years which is his prime. I personally feel my primes just started, so this status by the guidance for five years. That is why all the talk about seven years. What happens after seven years? Yes, we keep growing. Because by that time you're not only having to look at Aditya Vikram Birla's face. You will have a complete set of people who can represent the company again and again. And it need not be one person that we're talking about.

**Shashi Anand:** Makes sense man. Thanks a lot for taking time out and giving detailed explanation. Thanks a lot. Looking forward.

**Aditya Vikram Birla:** Thank you. Thanks so much.

**Moderator:** We'll take the next question from Yash Singh. Yash, you can go ahead, please.

**Yash Singh:** Hey, Aditya. How are you?

**Aditya Vikram Birla:** Hi. I'm fine. Yash, how are you doing?

**Yash Singh:** I'm good. First of all congratulations on these amazing numbers and Happy Diwali to you and your team.

**Aditya Vikram Birla:** Happy Diwali to you too as well.

**Yash Singh:** So Aditya sir, I just have basically two questions that two on the financial part. So we saw that our standalone revenue was close to ₹158, ₹160 crores and our consolidated turnover was close to ₹169, ₹170 crores. So the difference is close to ₹10.5 and ₹11 crores. But if we match the trade receivables from the balance sheet the difference is coming close to ₹18 crores but the revenue itself in the consolidated and the standalone is close to Rs 10.5 crore. So there is ₹8 crores difference which is coming in trade receivables.

**Aditya Vikram Birla:** In the trade receivables.

**Yash Singh:** So there are various reasons as to why that happens. It's only because we have loaded up on a lot of debtor positions, right? There are debtors that don't come into your sales immediately where you're given material in advance for inspections, right. So that is one of the trade receivables that is there available. Why does it happen with something like an N.S.? I'll tell you why. N.S. needs almost three or four months more to get its licensing in place. Without the licensing we are having to give the material to an ex-party or via just advancing the material, they get the material inspected for us and they are providing us the sales. So we are booking the sales after that, we are only showing the advanced movement of the material. So that is why the trade receivables are a little under junk. But I'll tell you what, Yash. In the next one quarter when the balance sheets will come out, you will see the debtor position, that's changed. The trade receivables will all actually settle up. The reason is everybody, wherever we had actually pushed our material to all the wagon builders, to the N.S. guys also, to the EPC guys also.

We had done it only because we wanted to capture a certain point of market where we knew that the proto, the trench boxes, XYZ, the other peers of our industry will be able to manufacture that in the times to come. And maybe in two months, three months, four months they will develop. It's not, it's not rocket science. They will develop. But if we punch this material in the go, then we will be able to attain this order. The guy who's had this material now will not have to think about placing a new order for some time to come.

By that time, the averaging out will happen and new products will come. So that is one of the main reasons why the dislodging was happening and why the debtor position has been stretched.

**Yash Singh:** Okay, so basically the billing has not been done yet, but the raw materials has been passed to the supply -- to the vendor.

- Aditya Vikram Birla:** On advancing. On advancing, yes.
- Yash Singh:** Okay. On advancing, yes. And similarly, could you also guide the margin profile on N.S. Engineering because it was close to ₹6 crores of profit that was added on the consolidated level from N.S. Engineering.
- Aditya Vikram Birla:** So basically see, I'll tell you what, the ₹6 crores that has come as an extraordinary profit, the extraordinary profit that's happened is because when you take a company out from say NCLT, you know this better than me.
- Yash Singh:** Yeah.
- Aditya Vikram Birla:** So usually what happens is you have a negative reserve surplus, right. Along with that, you have the bank debts that are being written off. Along with that, you have the creditor positions that are being written off. Once that happens, the entire reserve and surplus comes into play because you paid off for it. So when that happens, there's a MAT that you achieve and there's a trade, there's a reserve and surplus position that you achieve. We basically took that reserve and surplus. So the reserves and surplus stands at, I think the benefit has come up to being more than ₹10 crores to ₹15-odd-crores. But we had clarity on the 6, I think 5.91 if I'm not wrong.
- So we took that as an extraordinary profit on the books. But if you see the actual profit on the -- in terms of the operations that is only ₹20-odd-lakhs has come through.
- Yash Singh:** Okay, understood. Yeah, that's all, Aditya. Thank you. And all the best for your future.
- Aditya Vikram Birla:** Thank you. Thank you. Thank you.
- Moderator:** We'll take the next question from the chat window. We'll request Mahesh Atal to ask his question. Mahesh, please go ahead.
- Mahesh Atal:** Hi. Am I audible?
- Moderator:** Yes.
- Aditya Vikram Birla:** Yes.
- Mahesh Atal:** Aditya ji, congratulations on a great performance and happy Diwali.
- Aditya Vikram Birla:** Happy Diwali.



**Mahesh Atal:** The Diwali is earlier for you this year? Your excitement shows it all. And I look forward to many Diwalis like this.

**Aditya Vikram Birla:** Yeah. No, I said Diwali happened the right time. I think Dhanteras happened at the right time as well this year.

**Mahesh Atal:** Yeah. Yeah. Obviously for you it is there. For us it is there. And we'll look forward to more Diwali's like this. Just I wanted to ask something which actually I missed out. Maybe you must have answered it to other participants. I was late to join.

So basically I wanted to know this. Let's say there's a wagon which is ₹30 lakhs or ₹40 lakhs which is the value of a wagon. Just wanted to know what percentage would be CRF out of it? Can you give me in value terms and second part of question would be when N.S. Engineering comes on to play and then the galvanizing unit comes with it.

**Aditya Vikram Birla:** Yeah, yeah.

**Mahesh Atal:** So galvanizing add some basis points to my margin, right. Obviously, because I will be like, you know, backward integrating my product.

**Aditya Vikram Birla:** Yes, yes.

**Mahesh Atal:** So how do you see that? I mean, the margin expansion is going to happen because the balance capacity from N.S. Engineering is going to come in the later half or maybe the next year. How do you see?

**Aditya Vikram Birla:** So I will answer this. So I'll answer the N.S. first because later then you can ask me the question again back, right. So in N.S., one of the main reasons why I looked at this asset not only because it was a cold roll forming asset but also because it was an asset that was dealing with galvanizing bath. When you talk about a galvanizing bath, a lot of types of galvanizing bath but this was like a 18 meter into 6 big galvanizing bath is a massive structure. When I saw that I was in love with it.

Because today setting up a galvanizing bath of that structure and getting the pollution clearances in West Bengal is going to be like next to impossible. It's very difficult. So that was coming hale and hearty to me. Point one.

Now with the margins that is happening. So the products that N.S. Engineering is getting into is trench boxes, sheet piles, crash barriers. Not just crash barriers like the waves but the tested barriers which is more and more precise in format and it can be exported in

a larger scale along with that high mass poles, TNDs, the angles and channels along with that, they all are galvanized.

Now in my galvanizing bath, I will have to probably do roughly six and five and a half thousand metric tonnes of galvanizing every month. If I do three and a half thousand I add up on the margin almost ₹1.5 to ₹2 in the margin of the finished product.

If I'm doing almost four and a half thousand I'm adding ₹2,500 to ₹3,000, ₹4,000. If I'm doing six thousand tonnes of galvanizing in a month I'm adding almost ₹5-odd, ₹5 to ₹6. Now I would want to average that out. And I will say, let's say we do 4,000 tonnes of galvanizing because there are some items which might not be galvanized.

If I do 4,000 tonnes of galvanizing, I am doing ₹4, roughly ₹3.5 as an average on addition to my margin. Now when I talk about a sale price, majority material that we sell on these items are probably mild steel material or carbon or cotton steel material.

So cotton steel, mild steel material, we are talking about a selling price of almost ₹85,000. When you talk about ₹85,000, we are talking about ₹3,500 and ₹4,000, ₹4,000 divided by 85 on the sale price we're looking at 4%, 4.5% to 5% on margin increment. So if without the galvanizing like everybody said, you know, like somebody, I will reiterate, I met somebody in Bombay a couple of months back and that gentleman told me, you know, that CRF is a great business that you have.

I think this N.S. is not a great takeover that you've done because it might be a lousy piece in your entire architecture. And I was like I said, I want to beg to differ but I don't want to have this quadrupled in this conversation right now. We'll have this conversation once I'm back in December and we'll have this conversation. The reason why they don't understand this is because when they compare this business to say already listed entities that are doing this kind of business, I'm not naming them, but they're already doing this business. So a couple of them which are at ₹4,000 crore, ₹5,000 crore market cap, they're doing 2%, 2.5% of pat. There are reason for that. The EBITDA levels are decent. It's like 5.5%. It's like 7.5% to 8%.

But they are heavily debt books so there's a huge interest that they pay out. These companies are old in nature. But having said this, when if we add, leave 4%, I'm saying even if you add 3% you're still talking about 11% of EBITDAs, 11% of EBITDA at an average will give you almost 5.5%, 6% of PAT.

**Mahesh Atal:** Great. So my first question, what would be the value of your product in a particular wagon cost of around ₹40 lakhs. Let's say a wagon is costing me around ₹40 lakhs. What would be your component in that wagon?

**Aditya Vikram Birla:** So I'll break the answer into two parts. If you talk about only the plain CRF product that we get an order for and we give it so that's roughly ₹4.5 lakhs on ₹33 lakhs, that is 13.6% to be precise. But when we talk which is side body, end body, bolsters, angles, stringers, chassis frames, XYZ, all the fabrication quarters, quarter chains, all of that fabrication put together, we are looking at roughly 20%, 21%.

**Mahesh Atal:** Yeah. Thank you, Aditya. And one small suggestion from my side would be like, I would really request you to take one thing at a time because I think you are having too much on table right now. And I think one thing at a time would be really good for this company and there's a lot to go. I think railways is such a big industry and we are at the right time.

**Aditya Vikram Birla:** Absolutely. Your point is noted and taken. Yeah, I mean I will finish it. I'll finish it.

**Mahesh Atal:** Yeah, yeah, please, please.

**Aditya Vikram Birla:** See if I take one thing at a time I will probably reach where everybody is thinking about reaching in terms of Cosmic CRF, in terms of its top lines and bottom lines. Probably in the next eight years, 10 years. We want to raise that up in the next 2.5 and 3 years for which I will have to keep investing and keep putting my hands into the muck and getting into the places where nobody is tried to. We are looking at God and hoping that we'll be blessed.

**Mahesh Atal:** Great. I hope God gives you that energy.

**Aditya Vikram Birla:** Thank you.

**Mahesh Atal:** Thank you and all the best.

**Aditya Vikram Birla:** Thank you. Thank you so much.

**Moderator:** Thank you. We'll move to the next participant, Mr. Amit Kumar. You can go ahead please.

**Amit Kumar:** Thank you for the opportunity, sir. Sir, I can see the guidance for FY'27 FY'26 is ₹500 crores and 100% increase every year. That comes up to ₹8,000 crores in FY'30. And as of now we have order book of ₹520 crores. So how are we going to increase the order

book? Because we have very big ambitious goals of reaching ₹8,000 crores of top line in FY'30. Could you please...

**Aditya Vikram Birla:** I mean 8,000 is a new number for me because I remember giving an interview and giving somebody 5,000. 5,000 was something that we had mentioned. But let's say we go into the point. So today if you want we can get ₹1,000 crore. We can fill our order books completely. But you have to keep increasing your production strength to actually match that orders. Because like I said right in the beginning of my meeting that usually these orders that come from the railways and from the EPC contractors and from the infra players they come with a timeline.

The schedule for deliveries is fixed. If you do not give the deliveries there's a late payment attached to it. You get penalized heavily. 3.5%, 4% is the penalization. In railways, you get blacklisted also. So we have to walk on a line which makes our books look very, very buoyant with huge order books. But today, think about it. So next year when we probably talk about say doubling up 500 to something X. Right. So we will always try and cover.

So my mathematics is very simple in my head. Whatever I'm trying to achieve on the entire year is the order book that I want with me. So the day I reach ₹8,000 crores as my top line I will talk about ₹8,000 crore order book. Not more than that. Because we divide our order book over a period of quarters and if we do not do that, we will take more orders. People will clap on and put a pat on the back. But the end of the day will give us terrible results because we won't be able to contain that. We're not going to control that.

**Amit Kumar:** Okay. Thank you. And I'm new to this company. If you could provide the like what is the bifurcation of order book of ₹520 crores. So what is the railway and other like private players.

**Aditya Vikram Birla:** So ₹520 crores. The railway is basically almost ₹408 crores. And the rest is infra.

**Amit Kumar:** Okay. Thank you sir.

**Aditya Vikram Birla:** Thank you. Thank you.

**Moderator:** Thank you. We'll take the next participant from the chat window. Mr. Amit. Amitabh Vatsya. You can go ahead please. Amitabh Vatsya?

**Amitabh Vatsya:** Yeah. Yeah. Thanks for the opportunity. Thanks for this wonderful performance, sir. And I hope to see you more frequently in such calls because help us understand the management.

**Aditya Vikram Birla:** Absolutely, absolutely.

**Amitabh Vatsya:** So I have one question with respect to your competitive intensity that you are referring to your competitor moving out of this cold roll forming business altogether. So what stops other companies to get into this business? I mean, I understand they are their conundrum that you already mentioned that because of the logistics cost, it's not working out. But what stopped other West Bengal or other Jharkhand based company to do this?

**Aditya Vikram Birla:** See I'll tell you what. There is a huge entry barrier in terms of the licensings that happen. Along with that, there are eight or nine players over the period of last seven to 10 years. Right. In the last 10 years we've had -- I mean in the last four years, I think we were the last entrance Cosmic CRF The entry barrier is difficult but there's a huge entry barrier. There are reasons for that. The inspection is -- why is inspection an entry barrier is because you are having to provide a very, very precision item over a period of time and provide an item from a basic infrastructure.

Now majority of the guys who are talking about CRF, there are other businesses that are easier to do. CRF is not a very easy business to do. Why? Because the manufacturing of 40 items, 60 items, 90 items SQs and then providing an inspection for all of them and providing them all together as kits to railways, to bogie or wagon builders is not easy in its own right.

Point three, if somebody today goes and builds up a CRF unit, they are going to spend not less than ₹100 crores with the land, with the structure, with the shed and with the machinery. I mean I'm talking about legit machinery, I'm not talking about somebody who's collected parts from places and where you never get a precision item and you'll not even get a license. Like I'll give you an example like N.S. Engineering in 2012 or 2013 had tried for the license of railways but they could never provide that precision because they had made all indigenous mills and indigenous manufacturing machines which never really worked.

Cosmic CRF all its machinery has been made because it's made recently and it's been refurbished and the CapEx have been done. So it's very in line with the new tech and we plan to keep increasing the technology space. Also the designs of the wagons keep changing. So every time a design changes, your tooling cost also changes. So when I talk about ₹100 crores, that's one time, post that you have to put almost ₹7 to ₹10-odd crores every year.

Now tell me something. How much does a guy with ₹100 crores fighting the market, doing a precision business, doing a specific business make and how is it so what is the ROC there? What is the CAGR there for a new guy to enter here? Now for us we bought this unit at ₹40-odd crores with already existing businesses and with a license that came in, in two months and with the fact that I do not have to depend on other parties to get me the orders because I'm already selling to these guys over the last 52 years. Me or my past generations, I have been doing it for the past 13 years. So that is where the confidence comes to.

**Amitabh Vatsya:** If I may ask one another question.

**Aditya Vikram Birla:** Please, please, please, please go ahead. Please go ahead.

**Amitabh Vatsya:** So you mentioned this time about your spring business. This was not mentioned in detail in your conversation. So can you explain your business?

**Aditya Vikram Birla:** Yeah. So, see I'll tell you why haven't you mentioned this in length is because the guidance of that and the notification of that has been just mentioned in the board meeting yesterday, when we were doing the board meeting and we were presenting the half yearly results, the compliances of the same and the feasibility reports are being made and all the eligibility clauses are being fulfilled. That entire process of compliance probably takes almost 45 to 60 odd days that unit. But if you want we can always talk about it because the company is taking a call and we are going to buy this out and this asset is being coming to us, is going to come to us at dirt cheap prices because it's already held by the promoters. The promoters are not going to make money through that process.

But at the same time this product that we want to manufacture again it's a very, very precision-oriented company. A precision-oriented product. This is basically the casnub springs. If you've seen a wagon, in the wagon you have a wheel set and then you have the bogie, the spring sets that are attached for the entire -- the entire suspension, the suspension springs, casnub springs. That is what we are going to make. In a set you need more than 32 types of springs for one wagon in one set and you need two sets of springs in one wagon set.

So if you need, for example, if you talk about a 75,000 wagon requirement at some point in our lives, say let's say we talk about 75% discounted 50,000 wagon requirement in a year. We are talking about a 1 lakh spring set requirement in a year divided by 12. We are looking at 8,333 spring sets requirement, there are nine players already registered in the spring business out of which Frontier Springs is also one.

These guys are of the capacity of not more than 600, 700. Some are 200, 300. The largest player that I know makes I think 1,100. So they are not be able to fulfil this requirement. There might be one more or two more spring players coming in but there's a huge market there that we can do. The margins on the spring business is very big. The margins are much more buoyant than normal CRF business.

So this adds value. Also when we give the solution orientation, like from N.S., we are providing solution orientation to infra and we're talking about that we want to become a solution provider to the wagon builder and the railways also. Even if we have become our own, we become our own wagon builder as well. I mean we transcend it to becoming our own wagon builders. Even then that company will also be provided with the solution of CRF from all the products that it manufactures. So you don't have to go to many houses. You just go to one house like Cosmic CRF and they along with the subsidiaries provide you everything.

**Amitabh Vatsya:** Okay, wonderful. So it's a part of your vertical integration program.

**Aditya Vikram Birla:** We will not -- we will not shift out of the vertical strengths. We are an engineering unit and we will remain an engineering company.

**Amitabh Vatsya:** And is these springs are air springs or because some technology change has happened?

**Aditya Vikram Birla:** No air springs had happened. It had happened. It went back to casnub springs and now the casnub springs is a tried and tested item. So bogies can shift to air springs like BMVS. But when you talk about say a wagon like a box -- the air springs there, air spring is there. The design is done, it's certified. It's been doing over the years. And also I'll tell you what. Well, I just mentioned that there are a lot of wagons that are going to come for replenishment. All of them will also have a lot of spring business coming in. A lot of spring business.

**Amitabh Vatsya:** Okay, thank you. Thank you.

**Aditya Vikram Birla:** All right. Thank you.

**Moderator:** We'll take last two questions. One from the normal window and one from the chat window. We'll first move to Chirag Nanda. Chirag, you can go ahead please.

**Chirag Nanda:** Yeah. Thank you so much. I've been waiting. It's a pleasure to listen to you always from the alpha conference as well. Amazing energy and something -- I as a corporate -- I as a corporate try to imbibe in my team. So I'm learning more than the railway business here and

so pleasure listening to you. I hope you don't get frustrated in the ease of doing business in India.

I always think that's the only thing that can stop people like you because of course, India is nowhere close to where it should be in encouraging entrepreneurs like you and giving support. NCLT case is a classic example.

**Aditya Vikram Birla:** Yeah, yeah, it's a classic example.

**Chirag Nanda:** My question, I had many actually, but a lot of them have asked and my question is now more on the financials, right. So shouldn't we be looking at results as consolidated, more as standalone? But what typically happens is the websites that flash all these financials, right. For example, Screener everybody is a hot shots website that everybody uses. They'll just compare standalone results, right. They'll show pat based on that, they'll show revenue based on that. While I feel it should be consolidated, that should be put up because that's the true valuation of Cosmic.

**Aditya Vikram Birla:** Right, Right. So I personally -- I personally feel we should always look at the results of Cosmic CRF limited as a consolidated place. My reason of making a consolidation, I will not take over a company where I don't get more than 51% because I can't consolidate it. I will not want to buy it. I don't want to put my hand into it.

My consolidation is my strength. So basically we don't want to just keep buying items and probably building up the ground, those new facilities and new products and building new products. This is another reason for that. I'll tell you why. So I'll throw some light on this. This is operational requirement.

Why do we buy more companies rather than making? So somebody could have asked me as to why don't you want to make springs in Cosmic CRF? Manufacturing it in Cosmic CRF, take a new place, put in the machinery. It is under the name of Cosmic CRF. The reason is the vendor that the buyer is same but the buyer's terms of payments and the terms of dealing is different when it's a component, when it's a CRF. When it's a CRF, it's a safety item which is RDSO recommended. And this item is not made by many people. So when you talk about a CRF, our payments are much more aligned. There's not much problem other than the prototype.

Prototype, we put our heads into it because we saw more margin and we didn't want others to enter. But that's our -- that's just our disruption techniques. So that's fine. That will get sorted out in the next two and a half months and then that kind of data stretch is good also to look at somebody who's telling me it's bad. Why? I said why



is it bad? You have the buyers dependent on you at the same time they're going to buy more out of you. You're loaded up for the next quarter to come in.

Along with that, we don't do it because of the terms of payments. So for example, springs is usually paid at 75 days in a normal level, 75 to 90 days whereas in CRF you're getting payments in 15 to 30 days. So your entire cycle of working capital here is approximately 60 to 65 days whereas there is going to be approximately 90 to 120 days. Not 90 but 120 days to be precise. So that's one of the main reasons.

Point two, when you are a component manufacturer, everybody in the class factor of the wagon builder associations, they will always deal with you like a component manufacturer. So back in the day, five years or seven years before, like I'm talking about 2016, 2017, a couple of companies like Titagarh or Jupiter were the only ones who are very, very aligned to taking debt from the banks and providing that kind of working capital to the business. But everybody else over the last 70, 80 years have lived on the money of the suppliers.

The suppliers have given them the advances through advancing the material to them and they've paid at their own whims and fancies and that's how they still last. So we don't want to get into that. We want to do the business. We already do the business in other companies. Even when we merge them or we bring on these products we will always open a new company. The book will be separate.

But because I want to answer your question indirectly always look at Cosmic CRF with a consolidated statement. The numbers also that are going to double that I keep saying about facta that we want to achieve double numbers in the tops and the bottoms, bottom lines and top lines is on the consolidated level.

**Chirag Nanda:**

Yeah, yeah, no, absolutely. I have written to Screener because a lot of see investor sentiment looks at valuation and that will always be the case. Right. And markets will be tighter.

**Aditya Vikram Birla:**

I don't know why Screener gets against us. I mean, Screener is I think six months back also they had posted some rubbish and then we had to write to them and then we kind of changed it. My market cap looked at 800 look looked like ₹800 crores when I'd already touched 1,000. I fell from the bed knowing 1000 crores has been touched, but they're showing 800 crores since 2 months. People are calling me, saying, 'Congratulations!' and I'm just thinking, 'What Congratulations. I have to meet the Screener owner. I'll come down to Bombay to meet him personally.'

**Chirag Nanda:** Yeah, I. I'll keep writing the Screener in my capacity because investor sentiment gets impacted. Right. It was 70 P/E versus a 50 P/E.

**Aditya Vikram Birla:** They are like CIBIL. They'll play with you and then they'll give you the right point.

**Chirag Nanda:** Thank you so much. I'm hoping your CFOs will also interact with them and get it corrected because markets will get tighter. Right. And CRF, your company deserves -- right, investor sentiment your company deserves it. And I just want the right matrices so people make good decisions.

**Aditya Vikram Birla:** Right. Point noted. We'll get it immediately done.

**Chirag Nanda:** Thank you so much, Aditya.

**Aditya Vikram Birla:** Thank you. Thank you.

**Moderator:** Thank you. We'll take the last question for the day from Hanu Rao. It's a follow up question. Hanu, you can go ahead please.

**Aditya Vikram Birla:** Welcome back, Hanu.

**Hanu Rao:** Hi. Yes, it's a follow up question. So it's like you know you have a plan A and plan B and how you are going to manage the debts for both the plans. You are going for any investor or maybe through banks or maybe internally?

**Aditya Vikram Birla:** As you know we will go mostly.

**Hanu Rao:** I mean to say

**Moderator:** What's your funding plan for all these acquisitions?

**Hanu Rao:** Debts. Yeah, debts.

**Aditya Vikram Birla:** Okay. So basically we still have cash on our books. If you can see the kind of funds that we've shown, we're carrying almost ₹40-odd crores of cash in our books. Along with that we've taken the debt. Now why have we taken the debt? We don't need the debt because this cash can be utilized for the working capital till such time we don't get the acquisitions that we want to make. But we have taken the debt because it's very important on the operative level for us to have association and relationship with the banks. Once the financial institutions don't have an association with you, it's like you might be a good party, you might be a great institution, you might be a great

company. But when you walk in they don't know you. They didn't -  
- literally don't know you, you don't have an association.

So that is why we started this business. Also because I had ₹20 crores of term loan from Kotak Bank, when I had taken over this company Cosmic CRF. Like when I taken over this asset in Cosmic CRF at 18% per annum because nobody was willing to fund because this company was brand new, didn't do one year of balance sheet also and was taking up such a big asset.

So nobody was really ready to fund. So Kotak Bank took a leap on it and they did but at 18% so I had to get one more bank and a PSU Bank preferably to come in and settle this out and settle the scores. So they came in at 10%. Today they're at 9.5%. My debts will always like the working capital is something that we are only going to get incrementally into. Because once your turnovers keep increasing over a period of time, so it's increasing like every month per month it's increasing.

So when it keeps increasing, I personally believe 22% to 23%, not 25%, not 20%. 22% to 23% is what I want to cover in terms of my working capital. And that 22%, 23% let's say for example if you're doing ₹1,000 crores, you need ₹220 crores. Out of this 220 crores, 25% will be my margin or 30% will be my margin. As and when the banker is substantially comfortable, 75% will be the bank's margin. Anchor's money is cheaper to me than my own money or your money. The reason being is very simple. For taking money out from the market, I have to dilute my own equity. And I love this baby more than anything why should I keep diluting it at no point and no uncertainty. Point one

Point two is when we are carrying cash in our books or somebody asked me, I think yesterday that you're carrying cash in your books. Somebody from the internal team, you're carrying cash in your books and why do you have debt? So I have debt because this cash that I'm carrying is I'm carrying for the last two and a half months. Because I am of the opinion that the day I get the opportunity I will walk into that situation for the takeover that I'm mentioning again, again. And we will pay the cash down that day I will not have time for waiting for prefs and waiting for raisings and all of that.

My bankers are ready because they've already loaned me almost ₹50-odd-crores out of which we are not utilizing that much of funds. So they've known me, they have an association, their relationship and pick them up to give us an amount of money which we will prepay back, repay back once we want to come into the market and raise funds from all our friends.

**Hanu Rao:** So the current cash is sufficient for the take-offs. What you mean to say, sir?

**Aditya Vikram Birla:** This is my margin, sir. The rest of the money can come from the bank. We will pay them off in one year.

**Hanu Rao:** Okay sir. Okay. Thank you.

**Aditya Vikram Birla:** So my only clause with all the bankers are that you can increase 0.1% but you cannot have foreclosure clause with us If I wish to, I can make the payment on the next day as well."

**Hanu Rao:** Thank you. Thank you.

**Aditya Vikram Birla:** Thank you. Thank you so much.

**Hanu Rao:** All the best.

**Vinay Pandit:** Thank you. Thank you. And that brings us to the end of today's conference call. Thank you for all the participants for joining us on this call and thank you to the management team for giving us their time.

**Aditya Vikram Birla:** Thank you so much. Happy Diwali to everybody.

**Vinay Pandit:** Yeah, thanks. And wish you all a very happy Diwali. That brings us to the end of today's conference. Thank you.

**Aditya Vikram Birla:** Right. Thank you. Thank you.