exicom

Exicom Tele-Systems Limited
Plot No. 38, Institutional Area, Sector-32,
Gurugram, Haryana - 122 001, India
Tel : 0124 - 6615200

Date: February 8, 2025

BSE Limited 1st Floor, New Trading Wing, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001 corp.relations@bseindia.com **SCRIP Code- 544133**	**National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, C – 1, Block G, Bandra – Kurla Complex, Bandra (E) Mumbai – 400051 cmlist@nse.co.in **Symbol-EXICOM**

RE: **Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")**

Subject: **Transcript of Conference Call on the Un-audited Financial Results of the Company for the 3rd Quarter and Nine Months ended December 31, 2024, of the Financial Year 2024-25**

Dear Sir/Madam,

This is further to our earlier announcement dated January 31, 2025.

In terms of Regulation 30 read with Para A of Part A of Schedule III to the SEBI Listing Regulations, we hereby submit Transcript of the Conference Call held on February 06, 2025, on the Un-audited Financial Results of the Company for the 3rd Quarter and Nine Months ended December 31, 2024 of the Financial year 2024-25, which were considered and approved by the Board of Directors of the Company, at its meeting held on February 05, 2025.

The aforesaid Transcript will also be available on the Company's website at www.exicom.in.

You are requested to take the above information on records and disseminate the same on your respective websites.

Thanking you.

Yours faithfully,

For Exicom Tele-Systems Limited

SANGEETA KARNATAK
Digitally signed by SANGEETA KARNATAK
Date: 2025.02.08 20:32:59 +05'30'

Sangeeta Karnatak
Company Secretary & Compliance Officer

Encl: Copy of Transcript

"Exicom Tele-Systems Limited Q3 FY25 Earnings Conference Call"

February 06, 2025

MANAGEMENT:	**MR. ANANT NAHATA - MANAGING DIRECTOR AND CEO, EXICOM TELE-SYSTEMS LIMITED** **MR. SHIRAZ KHANNA - CFO, EXICOM TELE-SYSTEMS LIMITED**
MODERATOR:	**MR. RAHUL DANI – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Exicom Tele-Systems Limited Q3 FY25 Earnings Conference Call hosted by Monarch Networth Capital Limited.

As a reminder, all participant line will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Dani from Monarch Networth Capital Limited. Thank you, and over to you, sir.

Rahul Dani: Yes, hi, thank you, Sejal. Good morning, everyone.

On behalf of Monarch Networth Capital, it's our pleasure to host the Senior Management of Exicom Tele-Systems. We have with us Mr. Anant Nahata – Managing Director and CEO, and Mr. Shiraz Khanna – CFO of the Company.

We will start the call with opening remarks from Anant, and then move to Q&A. Thank you, and over to you, Anant.

Anant Nahata: Thank you, Rahul. And good morning to all the colleagues and investors for joining Exicom Q3 Financials Year '25 Earnings Call. And we had uploaded the investor presentation yesterday, and I would like to take you through that.

Starting with some of the key highlights, even before we go into Q3 results, we have had some really landmark events in the company, one of which is the receipt of the biggest purchase orders your company has ever received in its history of about Rs. 1,680 crores in our critical power business, which will include the scope of supply of hybrid power systems, lithium-ion batteries, and various kinds of services including annual maintenance contracts for over 10 years. This project is to serve connectivity of more than 1,60,000 panchayats under the program of government called BharatNet, where various leading system indicators participated. And we have received business from some of these system indicators who have bought those contracts for certain geographies, like UP East, UP West, Punjab etc.

The second highlight is on the EV charging segment. Exicom made acquisition of a global DC charging company by the name Tritium in September of 24. We acquired this company through a bankruptcy process or a restructuring process. So a lot of work went into the last quarter, Quarter 3 financial year to restart the operations, to transfer the assets, to transfer the customer contracts, but we have made great progress, not just in restarting the company, but reigniting sales and service momentum. And we have seen continuous progress since acquisition in September till December. This will require investment from Exicom for next few months and couple of quarters, but this really helps us in making strides towards achieving our long-term vision of becoming one of the top providers of DC fast charging technology globally.

Third highlight is around the domestic EV charger business and critical power business, which we will cover in the subsequent pages. We're starting with EV charging division Quarter 3 performance. As we said in the last running call, the sales for electric vehicles, particularly the four wheelers, was very sluggish through the first half of the calendar year 24. This was mainly due to the out of people, companies, fleet companies, waiting for new models to arrive. And because of overstock of both automobiles and charging infrastructure with various network operators. However, Quarter 3 saw a rise in demand for all EV products and with new models coming in from MG, from Tata and various other companies, we saw a steep rise in monthly sales of electric cars. Overall, compared to Quarter 3 FY‘24, Quarter 3 of Fiscal Year ‘25 grew by almost 23% compared to the equivalent quarter in Fiscal ‘24. Some of this growth can be also attributed to PM e-drive policies, which brings certainty around the subsidy and incentives around electric vehicle ecosystem, launch of multiple new car models, and continuing e-bus deployment. While the market grew at 23%, Exicom's revenue grew at almost 38% from Rs. 48 crores in the quarter in Fiscal ‘24 to about Rs. 67 crores in Quarter 3 Fiscal ‘25.

On a consolidated basis, we grew almost 120% from Rs. 50 crores in Quarter 3 24 to Rs. 110 crores in Quarter 3 FY25. This also includes sales from Tritium group of companies, so it's not like for like comparison. But even if we do like-for-like comparison without Tritium, our sales on a consolidated basis still grew by 31%. This is an area we continue to be very bullish on, and we are investing in new product development. There was a very big mobility show by the name Bharat Mobility, which Honorable Prime Minister inaugurated on 18th January 2025. This is where we launched our integrated DC fast charging technology with energy storage. Today, everybody wants fast charging, but the grid supply is limited. It's not easy to get very high power connection. In order to defer this investment, but still provide fast charging even in areas with low grid capacity. We have come up with a solution where advanced energy storage can play a great role in providing and working in conjunction in harmony with EV charging equipment and providing fast charge to all the customers every time specifically on the highways and city infrastructure. We are also investing substantially in technology at Tritium with our R&D center being in Brisbane, Australia. And a lot of work is going on charging technology by what we call it liquid-cooled charging technology for distributing charging systems. This product is something which has gotten immense attraction from prospective customers and will be launching it in H2 of Financial Year ‘26. We also continue to do incremental innovations and improvement both for our home charging and DC charging product at Exicom to enable us fulfill specific requirements of the customers, bring innovation to people requiring charging their electric vehicles, and ultimately enable higher market share for Exicom as we progress into subsequent years of growth of e-mobility.

The second initiative we are doing is developing international markets. Acquisition of Tritium opened a $10 billion addressable market for us, which in India, even till 2030, was only worth about a billion dollars. As I mentioned before, we're investing in technology, global sales, and service and with an aim to be top five DC fast charger manufacturers in key global markets by 2030. We also recorded about 100% sales growth in Southeast Asia region when we started selling the recharges about two years ago. So overall, good momentum, good leaking demand,

and we expect continuous growth as per the industry growth for our recharging division in quarters and years forward. While we work on product development and build pipeline, it is also important to match cost based with current demand. There is intense competition both from domestic companies, foreign companies, and during this time we have started a lot of strategic projects to optimize costs for better COGS, gross margin and EBITDA. Especially there's a lot of pressure because of increase in dollar price. And in these times we are focusing on key accounts, key segments, and in these segments trying to increase our wallet share both from existing and new customers.

And next slide is the revenues by geography:

Now, as I mentioned, at least in recharging, we are a global company. India is going to be always center of our market. That's we feel there is immense growth potential in India. That's a region which represents about more than 50% of our revenue, about 56%. And UK, Europe, Australia, New Zealand, Southeast Asia represent another 42% of our revenues with US according for a low percentage of revenue right now. But I'm sure that when we look at these figures on an annual basis, US will also be one of the key markets for Exicom Group.

Next page, we are talking about the macro trends which indicate robust EV market growth in FY26 and beyond. If you look at India domestic market, because of PM E-DRIVE scheme, there is almost Rs. 2,000 crores allocated to support 72,000 new charging stations. Almost 48,000 of these chargers will be for electric two-wheelers, three-wheelers, where it becomes a product, but it's not a focused market for us, but about 22,000 of chargers out of the 72,000 chargers which will get subsidy support will be fast chargers for four wheelers. And about 1,800 chargers will be for E-Buses. This will create a lot of momentum to put fast charging infrastructure in Exicom will be one of the key beneficiaries for this.

We have for the first time at the Bharat Mobility Show, we have seen more EV models launched by major OEMs versus the IC models. This has happened in India for the first time where many more electric, fully electric models have been launched than IC vehicles. And these launches have not been by startups or small companies, but big domestic and foreign companies, including Maruti Suzuki, Hyundai, Tata, MG, and Mahindra. And these OEMs are, or many of these OEMs are also investing in fast DC charging network to provide an end-to-end seamless experience for their customers. This will also drive adoption of EV a lot more because people see these as trustworthy brands and their ability to provide seamless experience to the customers. We are engaged and working with many such OEMs to deploy such fast charging infrastructure. Buses, cars have been the center of the growth of this market since last 3, 4 years. But every now and then, new segments also emerge. One of such emergence in EV sector is the cargo segment, where we have all the way from 1 ton to lower-digit double-ton trucks being launched by leading cargo brands in the company, whether it's Ashok Leyland, Tata, VECV, IPI Tech on their new electric platform. We think if not in FY26, but in subsequent years, these vehicles will also create sustainable demand for fast charging infrastructure.

On a Global Basis:

The global markets are much ahead of India. In US, EV sales hit 10% of total vehicle sales. This is despite curtailment of green subsidies. But since EVs are naturally cheaper to produce than IC vehicles, so sales continue to rise. In Europe, the governments have targeted 1 million fast charging points by end of 2025. And 90% of these points are DC chargers. And also in Europe, there is a policy under CAFÉ norms where all the OEMs have to sell minimum number of electric vehicles, else they face huge fines and penalty. So with these CAFÉ norms getting more stringent every year, we see a much more likelihood for more demand of DC fast chargers. So Tritium group of companies are also well-placed when it comes to pursuing global sales of DC fast chargers. This is a short update on EV charging business.

Moving on to Critical Power business:

So, the critical power business was sluggish in Quarter 3. In our critical power business, we provide DC power solutions and energy storage solutions which make these digital infrastructure networks run. It provides energy stability to these networks. And the reason for slower growth was consolidation within the key telecom infrastructure companies, delay of certain PSU projects, and deferment of CAPEX cycle by telcos after heavy investment in the 5G network.

Also, I would like to highlight to our investors, telecom infrastructure spend happens in phases. So it's not consistent on quarter-on-quarter basis. But as we said during our IPO and many subsequent investor calls, on an annual basis, the growth of the telecom infrastructure industry is expected to be between 8% to 10% CAGR. And that's what we also aim as a company for this business division. In last quarter, we did about Rs. 212 crores of sales. That was on back of some very big orders for specific project, which degrew by almost 60% to about Rs. 80 crores on a standalone basis and Rs. 86 crores on consolidated basis this year.

The pace of the tower industry addition has been the slowest at only less than 1% for the last 12 months. And the new tower installation, which stood at about 11,600 in Quarter 3 FY24 was only 7,500 in Quarter 3 FY25. But as I said, this business tends to be lumpy. We expect quarter four to be a much higher growth and a much better number than we did in Quarter 3. And also expect very stable revenue and cash flow from this business over the next three years with the new project that we have received, which I opened my remarks with, we have received about Rs. 1680 crores worth of orders and still more to come yet. This is not the end. These orders have been received for power solutions, energy storage, smart cabinets to deploy over the next 3 years. We are very excited about this business, even though Quarter 3 has been sluggish, but we see a very good momentum in quarter four and continuing over the next three financial years for this business.

Apart from big projects win which I just talked about, our other business development continues. We added one telco, three infrastructure providers, other customers in Quarter 3. We had an advanced discussion of product approval. In some cases, I have already received from new customers for our power system and energy storage solutions from leading towercos and telcos in India, Southeast Asia, and Africa. And we continue to progress and make sales on some of the projects which are continuing from Fiscal '2024 as well.

Our key initiative here financially is to improve visibility of our topline and match cost base with current demand. Again, here the focus is on key accounts. This is a highly consolidated business between few telcos and towercos**.** So we must focus on key accounts and increase wallet share in these customers. And secondly, strategic projects are ongoing to optimize costs to negate weaker rupee, which will help in achieving better cost margin and EBITDA. This was specific to Q3, but on a broad basis, key drivers for our critical power business continue to be number one, solarization, where a lot of towers are getting installed with solar panels to cut power OpEx and cut diesel dependency. A lot of tower sites are replacing the older inefficient power system with high efficiency power systems to save again power OpEx. This is one of the fundamental reasons for the placement market. There is also a new product line we have entered into which is smart outdoor cabinets. We will be doing in four-digit crores worth business of these over the next 3, 4 years. A lot of telecom sites historically have been indoor sites which use a telecom shelter to house all the equipment that has become increasingly expensive from a rental point of view, from cooling requirements point of view, as well as generally from power OpEx point of view. So there is a big shift amongst the telcos to convert these sites to outdoor sites which require these smart cabinets to house all the telecom equipment. That's a business which has been started by us in Quarter 3 and is progressing well.

There continues to be a drive to convert the batteries from traditional lead acid batteries to lithium batteries for reasons of lower maintenance, longer life, higher efficiency. Exicom has been one of the leaders in this segment with more than 2.5 gigawatt hours of deployment. The market opportunity for this is over 2 lakh batteries per annum just in India. And we are working with leading tower companies and operators to sell our product in this market. And we continue to have the largest deployed base in India for this product.

With this, I will complete my update critical power and in summary, sluggish business in Q3 but should not be seen as quarter-on-quarter because of lumpy nature of the business, good growth prospects in Q4 and in the next 3 financial years.

Moving on towards marketing:

We have been aggressively marketing our new product solutions and participating in various conferences, including leading mobility shows. We participated in Bharat Mobility in January 25 and launched a new product line by the name Harmony Boost. This is an integrated product from both our business divisions where we bring in leading energy storage solutions along with fast and recharging to provide fast charging services even in areas of curtailed grid connection. That's gotten very good reviews from the customer and we hope that to be a good part of our sales in Fiscal ‘2026. We continue to push on marketing by being a thought leader in the industry by participating in various stage shows, not just in India, but in various Southeast Asian market and Middle Eastern market as well. We also announced MoU with two leading companies. One is with ChargeZone, who is India's leading charge point operator to deploy 500 fast charging stations. And many of this will have the battery solution by the name of Harmony Boost that I just spoke about.

The second MoU is with Mufin Infrastructure Solutions. So that's a company which needs such fast charging infrastructure because not everybody has the ability on their balance sheet to put CAPEX right in front. So these companies need out automobiles as well as EV charging infrastructure. So we are working with them to serve the long tail demand.

With this, I finish the business update, and I would like to pass it to our CFO, Shiraz Khanna for financial update.

Shiraz Khanna: Thank you so much, Anant, and good morning to everyone. Coming to financials, the first 6 months, H1 of 2025-26, has had a certain external impact. And Anant did share with you in terms of how it has gone in terms of numbers. April 19th, we went into elections which ended in June and then the government came back and kind of redid its policies and some of the subsidies. So Q1 ended on 31st of March 24 and we saw the P&E drive coming on the 15th of September. So that is some time for the improvement or push that was required in the EV side. We also saw new launches not coming in then, but with the recent expo that Anant mentioned, which was inaugurated by Prime Minister on 18th of Jan, we saw almost all OEMs, all car manufacturers, displaying new versions of electric vehicles. And that's the positive sign. So that's looking good.

And any change of environment where we're talking about change in the usage of cars from fossil fuel cars to EV, it takes a while for the environment to get changed to make it comfortable for people to switch and make change to EVs. And while the rollout of the electric vehicle chargers are happening, we're getting it more comfortable to them. Even in critical power, I think, as Anant mentioned, this business does seem to get a little lumpy. 2023-24 saw a lot of projects from the government which were covering uncovered villages, upgrading the BSNL network from 2G, 3G, 4G, and so on and so forth. And then there was a little bit of lull, again because of the government elections and stuff coming. And then now we certainly see much healthier infrastructure boost that the government is doing by rolling out the Bharat Net project in which we are already working.

Coming to financials, I think you must have seen all of them, but we have done better in EV over the previous quarter where we have done Rs. 67 crores against Rs. 43 crores, and we have done better than the previous year's same period quarter. So our EV growth in quarter-on-quarter is up by 55% and year-on-year by 38%. Critical power has seen a bit of degrowth, that was because of the big projects that we had in ‘23-24. But we will see a bounce back happening with 1580 crores orders already booked and hopefully some more to come because management Bharat Mala projects are still being announced, and we have been working with those….

Gross margins have got impacted in critical power and in EV a bit, just in this quarter. I talked about the four years, which I will do a little later. It's pretty much okay. Exchange fluctuation, again, a short-term fluctuation impact which increases the cost. We are looking at acquiring talent and supporting new growth, so there's been a bit of cost increase in the manpower. And we did take some loans to acquire Tritium, and there is an impact of interest on loans that is gone. So that's been taking the hit on the PAT.

In terms of consolidated numbers, we see that we've done better over the previous quarter. We've done 196 against 153 crores. Of course, lower than the previous year, same time where we had critical power projects running. Overall growth of 28% quarter-on-quarter, but a degrowth from the previous year by 25%. EV growth was 139% quarter-on-quarter. And we see overall share in the overall sales percentage of EV growth. So in this Rs. 197 crores that we did this quarter, consolidated, we had Rs. 86 crores of critical power and Rs. 110 crores of EV. And that also came in from Tritium, which did about Rs. 44 crores of turnover in this last quarter. And Tritium has already received some good orders in last quarter, which is about roughly Rs. 13.7 million from 3, 4 large charging, deploying companies across the world. And we continue to pursue and bring back confidence of those customers globally to give us more orders.

Gross margin improved from standalone because Tritium margins are better, and that has helped us. There's a slight drop in quarter-on-quarter margin, and this is again momentary in terms of the CAPEX cost. And we've had EBITDA going down a little because Tritium is still a startup. We acquired them in September, October, and it's just been the 1st Quarter ending, so it should get better as the sales increase.

In terms of standalone financial highlights year to date, the revenue is against Rs. 568 crores we are at 539 crores. So it's about Rs. 30 crores down. The overall margins have been, the percentage has been same at 29.5% against 29.2% this 9 months. The margin down by Rs. 10 crores. But we've been investing in terms of manpower, in terms of R&D. And so EBITDA is lower in terms of the overall as compared to last year. And then the PAT has the impact of the interest costs that we are bearing for the minimum.

In terms of consolidated financial highlights, again, revenue slightly down, but looking at it to be picking up. Margin is pretty much same across the consolidated version of 24 and 25. And however, EBITDA is primarily down because of the Tritium getting attached to the overall consolidated numbers. As I said, Tritium is just a startup. There is, in a way, we have got a very good start because the company is already working, the plant is running, the R&D is there. We get back the confidence of customers and we got the orders which we already got 13.7 million in last quarter. As we go into next quarter, we should look at Tritium becoming, will be given in the next Financial Year ‘25-26. And the PAT of course, is again the combination of Tritium’s cost and that's the reason, the toll on the PAT. There is some interest cost because of the investment in Tritium.

And so India overall continues to be strong and Tritium over the period will support our aim to be global company having a footprint across the country. Thank you. Over to you, Anant.

Anant Nahata: So with that, I just want to go over the project update of our new upcoming integrated plant in Hyderabad. Today, we operate out of multiple plants that will be able to leverage at this facility getting constructed in Hyderabad, overall volume of our power and electronics products and including battery manufacturing. We had aimed to start the trial production in April, maybe two to three weeks delay in terms of schedule, but we do plan to start production there in about between first and second week of May. So a lot of progress there, a lot of investment going into next generation manufacturing techniques, and we are assured the products coming out of this facility will be of highest possible quality standard and lowest possible operation cost and that is how we are building this. Thank you. Over to you, Rahul.

Moderator: Sir, should we begin the question-and-answer session? Okay, thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Balasubramaniam from Arihant Capital. Please go ahead.

Balasubramanian: Good morning, sir. Thank you so much for taking my question. So my first question regarding this Tritium, around 70% of the EBITDA loss comes from there only. Could you please share financial details about revenue, EBITDA and PAT for this quarter? And when we can expect improvement and synergies from the Tritium side?

Anant Nahata: Is it possible to repeat the question?

Balasubramanian: Sir, around 70% of the EBITDA loss comes from Tritium. And could you please share financial details in terms of revenue, EBITDA and PAT for this quarter? And when we can expect synergies and improvement from that calculations?

Anant Nahata: Yes. So as we mentioned, Tritium is a company of global scale where the 1st Quarter really went into restructuring the business. The business was bought through a bankruptcy process which required us to transfer the assets to a separate company, transfer the customer contracts, transfer the employees. So there was some time required to start business as usual which finally occurred in December. **0:35:25___** specifics, but I can tell you there has been month-on-month sales improvements. This business will require investment over the next 2-3 quarters. However, we think this will help us achieve, the business should achieve EBITDA breakeven in Fiscal '26, plus be one of the top 5.

Balasubramanian: So EBITDA breakeven by FY26, right sir, for Tritium?

Anant Nahata: Yes.

Balasubramanian: Okay sir. Sir, my second question regarding like some of the impact comes from this rupee against USD foreign exchange side. Like what are the methods and mechanisms we are following for this risk mitigation side?

Anant Nahata: Indian currency is always depreciated per year, so there is general resilience in the business to take care of Forex. However, drop recently has been too big and too sudden that has impacted us negatively. That's why we have losses even in the Indian business. They are taking steps to aggressively reduce the COGS to negate the impact of the dollar rise. Second, localization is something we continuously focus on, but the pace of localization has increased for us in the recent months to again negate the dollar impact. And third, now we are looking at locking in some of the dollar pricing in conjunction with locking in customer contracts. So at least we are not seeing any unforeseen risk on account of hedging in other words. So we have not done that in the company till now, but actively looking at that as well to see if it can be less beneficial.

Balasubramanian: Got it sir. Sir, could you please explain about this CAPEX site for Hyderabad plant when we can expect the commencement and another thing working capital side how we are managing as of now. I think we have balanced IPO proceeds around Rs. 176 crores.

Anant Nahata: So on Hyderabad as I mentioned in my update we are looking at production in May. The construction is going at a good pace, 2-3 weeks delay earlier, the schedule was April, now it's May. But we are very happy with the outcome, we are very happy with the quality products, we will be able to produce here. So that's what I mentioned in my update. Working capital is pretty much the same as in September, there is improvement in September, and it's pretty much the same as of March 24th. So we have about 71 days of receivables, which is an improvement from September. Inventory is roughly the same. And obviously now we have cash in the books, so there is improvement in account payable on a continuous basis as well. So, yes, working capitals tends to slightly increase towards starting a quarter four because we are B2B business. Most of the businesses have to exhaust their budgets by the end of the financial year. So Quarter 4 is generally heavy in terms of investment by B2B players, in terms of sales for us. That's what you'll see in the previous years as well. So inventory does go a little bit high in this quarter, but overall, we are okay with working capital status.

Moderator: Thank you. The next question is from the line of Jinesh Shah from RSPN Ventures. Please go ahead. We have lost the connection of the current participant. We will move on to the next participant. The next question is from the line of Sahil Patani from Strokes Capital. Please go ahead.

Sahil Patani: Hi, thanks for the opportunity. Couple of questions. So this is our second quarter in a row where we've posted loss in the bottomline. And I understand that's because of Tritium, a lot of costs has gone in there. So just wanted to understand that next quarter onwards, at least Q4 onwards, do we think there will be some sort of profitability on a consolidated level or is there like a couple of more quarters left until we see that effect and the bottomline, we have like some consistent profits on the bottomline? So that's my first question.

Anant Nahata: On a standalone basis, as I mentioned, we are a B2B business. Most of our customers need to exhaust their budget in quarter four, even if you've see in the previous years has been good for sales. So, on a standalone basis, we definitely hope for profitability in quarter four. And from next financial year, we have great order book to ensure consistent growth in revenue and profits over the next 3-4 financial years. On a consolidated basis, we do see investments in Tritium, and time for it to achieve business as usual or breakeven, pass the breakeven point would be 2-3 more quarters. That's why I mentioned we expect EBITDA break even for Tritium on an annual basis in FY26.

Sahil Patani: Okay, thanks for that. My second question was on the Netherlands subsidiary. So we saw in the note that I think we are shutting down that subsidiary, right? And I think we incorporated that subsidiary not very long ago, about 6 months or 7 months ago in July. So just trying to understand what is the capital allocation strategy there because we opened something in July and in 6 or 7 months, we're trying to shut it down. So just want to understand what the capital allocation strategy is there.

Anant Nahata: No, so it's not for the reason you mentioned. So we had opened a subsidiary to expand the business into Europe. This is before we acquired Tritium. And after we acquired Tritium, by virtue of that transaction, we got a Netherlands subsidiary. So we didn't want to operate two separate subsidiaries to expand businesses, complex to maintain so many regulatory requirements, etc. So we do have a Netherlands subsidiary where they are already doing business of Tritium and will do of Exicom as well whenever the chance comes. So in order to avoid duplication, this has been shut down. This was open before Tritium. That's why.

Sahil Patani: Okay, understood.

Shiraz Khanna: We've not done any transaction in that entity, which was just opened. So it's zero transaction. And we have Tritium Next-Gen solutions incorporated entity where we are working on in Netherlands.

Sahil Patani: Got it. Okay. Thanks for that. That's all I had.

Moderator: Thank you. The next question is from the line of Sambodhi Sarkar from Endeavor Global Advisors. Please go ahead.

Sambodhi Sarkar: Thanks for taking my question. A couple of questions from my end. First is on the domestic EV charging business. We are hearing things about increasing competitive intensity. How are you seeing the competition play out? And how are you able to protect your market share?

Anant Nahata: There is no doubt there is heightened competitive intensity in both home charger market as well as DC fast charger market in India. Small players, big players, Chinese players, this competitive intensity was always there. Today with so many new model launches, etc., much higher than a couple of years ago. And any high growth industry in India usually goes through this, what I call as Red Ocean, where people give an arm and a leg to win business. At this time, the whole industry suffers a bit out of margin, but companies such as us, we continue to focus on things that really matter, reliability, holding onto key customers, increasing our wallet share in key customers, saying no to some business, which is very hard to do, but we have to sometimes. And when we do these things, when we follow things we should be following and not get drifted in this red ocean madness, then we will definitely come out stronger. When we started EV charging business in 2019, the players that were our competition that time, none of them exist today, zero supply. So, companies that were competition in 2022, handful of them exist today. So, what I mean to say, I don't mean to say competition is irrelevant. They are very relevant. We acknowledge them. But more than competition, we focus on delivering great products, great value to our customer, and winning that share. We don't obsess over competition. We are here for long term. Yes, competitive intensity does slow the growth rate of revenue. It leads to margin squeeze. So I do see, and you see that in our financial, right, a little bit of margin squeeze, but overall we have been maintaining growth compared to the industry. We've been maintaining decent margins, not what we would have liked for decent margins, but we think, this creates, what do you say, like differentiation, right? Because people get to see great companies versus average companies, and we hope to be one of those great companies and come out stronger in the long run.

Sambodhi Sarkar: Congratulations and thank you for your focus on profitable growth. That is really important for us as shareholders. The second question is around the domestic power, critical power business. I understand that it is lumpy and we will have periods of peaks and drops in demand. Is there any way to understand the lumpiness or have better predictability of the business so that we can avoid negative surprises just this quarter?

Anant Nahata: If we can get your contact, we will try to maybe come back to you with an answer. But there is no hard and fast rule. The best rule is basically track some of the infrastructure investments which are happening. So for example, when 6G is being launched, you can fairly predict the next 2, 3 years are going to be stable growth. And so lumpiness usually in a negative way impacts when a big CAPEX cycle is finished. So the 5G CAPEX cycle generally finished last year. Everybody is trying to recover their investment of that. So usually towards the end of a big CAPEX cycle which are in correlation with launch of new technology like 4G, 5G, 6G in the future, this is when this happened. However, I think the good thing is we have a very good base and predictability because of the large order that I spoke about over the next 3 years. So my message to the investor shareholders is, we will not see the level of lumpiness that we have seen this year for the next quarter or next financial year.

Sambodhi Sarkar: Thank you.

Moderator: Thank you. The next question is from the line of Suraj Gupta from Mahadev Securities. Please go ahead.

Suraj Gupta: Firstly, I want to know about the disclosure of the events, like all these loss-making, or we can say the bankrupt companies which we have taken over. So the impact on the EPS, which we are seeing as quarter two negative, Quarter 3 bit negative. So were the proper disclosures were made earlier that due to these takeover, at the time of takeover, we will see these kind of losses in the company?

Shiraz Khanna: I think the disclosures, we did take and make all the approvals that we got from the board and the updates that we put on the exchange in terms of the acquisition that we were going in overseas. This, at a price that we've got, is very, very advantageous and the best way for us to look at going global where Tritium is present in Europe, in UK, in US and in Australia.

Anant Nahata: So just to add on to that, my comment to all the shareholders is that EV is a very nascent business and we are in it for long term. We are not making short term decisions and that's why today, so when we take over the business, there is a bit of learning curve for us as well, which has happened. And that's why we are telling the investors, shareholders, Tritium probably would be the topic even in the FY26. So that does give you some insight into the financials, but it will also help us to be one of the top five companies in DC charging globally and give this access to 10 times the market than we were playing in earlier.

Moderator: Thank you. Before we take the next question, a reminder to all the participants that you may press '*' and '1' to ask a question. The next question is from the line of Jinesh Shah from RSPN Ventures. Please go ahead.

Jinesh Shah: Yes, thanks for the opportunity. So my first question would be with respect to the performance of the subsidiary companies that are in Malaysia and Singapore. So I would like to understand that the majority of the business and their subsidies come from critical power segment or EV charger?

Anant Nahata: So when these subsidiaries were established, they were largely for critical power, because EV charging business only started in 2019. But increasingly, the EV charging business has also been developing there. So we had 100% growth in our EV charging business in Southeast Asia compared to last year. Again, a small base, so percentages don't matter, but still 100% growth is good. But I would say roughly 70% would come from critical power, about 30% would come from EV charger. But this percentage will change in favor of EV charging as we move forward just because of the high growth rate of the industry.

Jinesh Shah: Okay, understood. So in Quarter 3, if I compare the standalone and consol level, or the EBIT level numbers, so I can see that in September standalone figures are much better and at consol level dragged due to may be losses in subsidiaries or something. And if I compare that with Quarter 3, it was other way around. So like, have you like improving the performance over there or what has been happening? I just want to understand.

Anant Nahata: The voice is not clear at all. Can you slowly repeat, please?

Jinesh Shah: Is it better now?

Anant Nahata: Yes.

Jinesh Shah: If I compare that with quarter two and Quarter 3 figures at a standalone level, numbers were much better at EBIT level and because of maybe subsidiary breakdown there were like at a consol level, it tracks the EBIT numbers in quarter two. However, it was the other way around in Quarter 3. So I just wanted to understand that, are we like improved in subsidiary business and something like that and what will be the trajectory going forward?

Anant Nahata: If I understand the question correctly, you are saying on a consol level the EBITDA, the growth is better when we consider consolidated?

Jinesh Shah: Yes, EBIT numbers are much better at consol level in critical power segment business as compared to standalone.

Anant Nahata: I don't think we disclosed in critical power. I don't know. I'm sorry. I still don't get the question fully, because the standalone shows better figures than consolidated. So I'm not sure whether consolidated are better than standalone.

Jinesh Shah: Actually, I just got that from the segment results only, because Quarter 3 seemed much better than quarter two at standalone level for critical business. So I guess turnaround is happening or something like that, or what is that I'm missing?

Anant Nahata: So look at the segment results and reply to your query separately, but generally speaking, Quarter 3 was definitely sluggish and caught for critical power because of the lumpiness. We would have liked this to be better, which we definitely are hoping for in Quarter 4**,** we are looking at a margin improvement. And then definitely in the next financial year, much more stable revenue and cash flow.

Moderator: Sorry to interrupt, Mr. Jinesh. I would request you to rejoin the queue for your follow-up question. Thank you. The next follow-up question is from the line of Suraj Gupta from Mahadev Securities. Please go ahead.

Suraj Gupta: Yes, is my voice audible? Yes, sir, you're audible. Yes, I want to mention that as an investor, when I see the events which all has happened, for example, like firstly, the IPO came that time we were….

Anant Nahata: So ma'am, we lost the voice. We can't hear anything.

Moderator: Sir, we have lost the connection of the current participant. We will move on to the next participant. The next question is from the line of Dheeraj Kumar, who is an individual investor. Please go ahead.

Dheeraj Kumar: Thank you for this opportunity. May I know the consolidated order book for our company, including Tritium, and the current capacity utilization?

Anant Nahata: The current order book, this is as of December, I'm telling you, because as of date, it will be in excess of Rs. 2,000 crores, but as of December, it's roughly Rs. 275 crores on a standalone basis and about $15 million more for the subsidiary entities.

Dheeraj Kumar: Is it just for the EV charging business or are you also including the critical power?

Anant Nahata: We are including the critical power.

Dheeraj Kumar: So excluding the critical power, just for the EV charging business, I would say it's close to 500 crores, isn't it?

Anant Nahata: No, I said at the end of December on a standalone basis which includes both the business divisions about Rs. 275 crores and for subsidiaries about $15 million in addition. That is at the end of December.

Dheeraj Kumar: Could you please tell me in Indian rupees? Could you please tell me approximately Indian rupees in crores? It's easier for me to understand, instead of dollar.

Anant Nahata: Yes, so Rs. 415 crores roughly.

Dheeraj Kumar: Okay, and what is the current capacity utilization?

Anant Nahata: Current capacity utilization would be, I will get back to the exact number, but it should be around between 60% to 65%. And the order book, I mentioned, I again repeat as of December. Today, as of today, it would be well over Rs. 2,000 crores.

Dheeraj Kumar: Yes, but that is for critical power as well. And you say that the current capacity utilization is around 60%, plus we will have the Hyderabad plant. So I'm not sure, you talked about the Red Ocean strategy of not reducing the costs or reducing the margins when you have high competition. I'm afraid if we do not do the same, our competitors will go ahead with their introduction in margin, take all the contracts and we will stay behind.

Anant Nahata: No, so 2-3 things, sir. First of all, I didn't mention red ocean strategy. I said today it's a red ocean which is leading to margin squeeze which I accepted. So it's not that, so what I mentioned is we are not obsessing over just competition and competitive intensity. We have to do things which we think are right in long term. We have continued to grow more than market. We continue to be the leading player in this industry. And as I mentioned, our margins are okay, but not as good as I would have thought because of the competitive intensity. So we are fighting in the marketplace, fighting hard to get business. And our teams have done fantastic jobs in doing that. The utilization is 60% in Quarter 3, which is in terms of sales is not the best quarter, but looking at the order book that we have, because on the operation side, we have common operations. We don't have different, we are a power electronics company at the end of the day and we have common plans for our critical power EV charging business. So the growth of the EV charging industry which will happen because it's been only a few weeks, the industry has announced so many car models, so many investments. It's been just couple of weeks we have received maybe not even less than that, big orders in critical power. So I'm sure Hyderabad facility is coming at the right time to produce these equipment to the volume and the standard that we would like to.

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

Anant Nahata: So thank you, Rahul. Thank you, Monarch Networth. Thank you, all the shareholders and investors for participating in Q3 earnings call. We appreciate and thank you for your continued support. We have gone public only one year ago. So please bear with us. It's a learning phase for us also. But we strongly believe in the businesses we are in. We believe in the long term potential and growth of these businesses. And I'm sure the results over the next financial, next two financial years will yield good results for everyone, for company, and hopefully to shareholders as well. Thank you very much.

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