



“Transformers & Rectifiers India Limited Q1 FY25
Earnings Conference Call”

July 19, 2024



MANAGEMENT: **MR. JITENDRA MAMTORA – CHAIRMAN,
TRANSFORMERS & RECTIFIERS INDIA LIMITED
MR. SATYEN MAMTORA – MANAGING DIRECTOR,
TRANSFORMERS & RECTIFIERS INDIA LIMITED
MR. CHANCHAL RAJORA – CFO & ADVISOR,
TRANSFORMERS & RECTIFIERS INDIA LIMITED**

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



*Transformers & Rectifiers India Limited
July 19, 2024*

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY25 Earnings Conference Call of Transformers & Rectifiers India Limited.

As a reminder, all participant lines will be on listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference call is being recorded. I now hand the conference over to Mr. Subhadip Mitra from Nuvama Institutional Equity. Thank you and over to you, sir.

Subhadip Mitra: Good evening, friends. On behalf of Nuvama Institutional Equities, welcoming you all to the 1st Quarter FY25 Results Conference Call of Transformers & Rectifiers India Limited.

We have with us today the top management of the Company represented by Mr. Jitendra Mamtora – Chairman, Mr. Satyen Mamtora – Managing Director and Mr. Chanchal Rajora – CFO and Advisor to the Board.

I would now like to hand over the call to Mr. Satyen Mamtora for his opening comments. Over to you sir.

Satyen Mamtora: Good evening, ladies and gentlemen. Thank you all for joining us on this Earning Call conference call. We are delighted to have you here as we discuss the Company's performance over the past quarter and the year ahead. Following our board meeting earlier today, we promptly released our Financial Results and Investor Presentation on the Stock Exchange.

We are particularly pleased with our order book position and the diverse range of orders secured throughout the year across various sectors including solar power, private industries and power utilities. Notably, our new orders this quarter amounted to Rs. 698 crores. Additionally, we have achieved a significant milestone with the maiden order of 4 STATCOM transformers of single phase marking the first for an Indian Company in the specialized segment. Our unexecuted order book as of 30th June 2024 stands at Rs. 2,926 crores. Currently, we have inquiries about 17,500 crores under negotiation and meeting stage.

Looking ahead to the remainder of the fiscal year 2025, we have successfully navigated through phases of stabilization, turn around and growth. We are now focused on consolidation, expansion and achieving sustainable profitability. We have implemented strategic growth initiatives across the organization which is already reflecting positively on our performance. Our revenue targets for the year remained unchanged. We extend our sincere gratitude to each participant for joining on our earnings call and for your continued support and trust. We hope we have addressed all your query satisfactorily.

Moving forward, we are excited about the upcoming milestones. New capacity for renewable energies will commence production from December 2024. Our fully automated dedicated manufacturing facility will be operational from September 2024. We have initiated journey

towards backward integration of critical components, exploring new revenues for organic and inorganic growth. Our revenue targets for current fiscal year remains steadfast. Furthermore, we are proud to have received an Operational Excellence Award from Power Grid and to have successfully exported 220 MVA Electric Arc Furnace transformer, one of the largest ratings ever manufactured globally. Once again, thank you all for your participation and support. We look forward to your continued partnership as we progress into the next phase of our growth journey.

With this, I conclude my remarks and now I would like to hand over the call to our CFO, Mr. Chanchal Rajora for his comments on “Financial Parameters”.

Chanchal Rajora:

Thank you, MD sir, for providing an overview on the current quarter as well as the year ahead. I would now like to share some key Financial Highlights with your esteemed shareholders.

The shareholders, I am pleased to present the accomplishment of our Company for the 1st Quarter of FY25, which has been one of our strongest 1st Quarter in recent past years marked by the substantial growth in the revenue and profitability.

Financial Highlights:

In Quarter 1, our standalone revenue reaches Rs. 311 crore reflecting an impressive year-on-year increase of 103%. We achieved an EBITDA of Rs. 42.53 crore, a significant rise of 633% year-on-year basis with our EBITDA margin of 13.65%. Our profit after tax stood at Rs. 18.41 crores showing a robust increase of 268 year-on-year with a PAT margin of 5.83. Our consolidated revenue reaches to Rs. 322 crores reflecting an impressive year-on-year increase of 107%. We achieved an EBITDA of Rs. 46.22 crores, a significant rise of 650% year-on-year basis with an EBITDA margin of 14.35% at consolidated books level. Our profit after tax stood at Rs. 20.87 crores showing a robust increase of 271% on year-on-year basis with a PAT margin of 6.4% on the consolidated books.

During the quarter, we secured the orders for totaling Rs. 698 crores highlighting our strong momentum in order inflow. As of June 30th, 2024 our unexecuted order book states Rs. 2,926 crores. We are delighted to announce the significant achievement for our organization as they successfully raised Rs. 500 crores through a qualified institutional placement in just 3 weeks’ time, marking a historic milestone in the Indian market. This accomplishment not only underscores the strength of our business fundamentals, but also reflects robust investor confidence in our vision and growth prospects.

The unprecedented speed with which we completed the QIP highlights our efficiency and ability in a navigating financial market, further solidifying our position as a leader in the industry. Throughout FY25, we are placed significant emphasis on the people management and upskill initiatives, acknowledging the pivot role of our workforce in our successes. We are focused on enhancing technical skills for forecasting leadership readiness and improving overall competitiveness across our manufacturing, sales and engineering division.

Looking forward, we are optimizing about our prospects for FY25 anticipating enhancement across various financial metrics. Our strategies are centered on achieving a streamline balance sheet by reducing debtors and optimizing inventory management. Our ultimate aim is to transform into a debt-free Company in the near future, supported by the clear and actionable plan already underway. In conclusion, we are all well positioned to capitalize the opportunity within India's evolving energy sector with robust corporate governance, advanced technology, superior products and dedicated team. We are confident in our plan towards sustainable and profitable growth.

I extend my full gratitude to our customer, the board and management and particularly to our committed employees for their unwavering dedication and support. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead, sir.

Mohit Kumar: Can you just talk about the opportunity landscape; the break-up of Rs. 178 billion orders under negotiation? Is it possible to break this into power transformer and distribution transformers and any timelines when you expect this order to get finalized?

Satyen Mamtora: So, most of this would be, let's say, 95% of this would be in power transformer and solar transformers remaining 5% would be distribution transformers.

Mohit Kumar: And is it fair to say that we are talking mostly about Interstate transmission system in India?

Satyen Mamtora: Yes, we are talking mostly about Interstate transmission systems in India.

Mohit Kumar: My second question is can you talk about the reactors order book? It has grown massively in last 2-3 years. Is it primarily for high voltage and any color on the competition on the reactors will be very helpful.

Satyen Mamtora: See, as far as the reactors are concerned, there are very few players, 5 or 6 players are there in the game who are manufacturing these and who have the technology for manufacturing reactors. Reactor is going to go primarily because of the renewable energy which creates lot of harmonics and then you know it's to be filtered and then it will disturb the grids, to stabilize the grid you need the reactor. So, it is now just like if I see the recent orders, with one transformer there are about two to three reactors, something like that so requirement of reactor is increasing like anything and it is also, they are intending to increase the capacity of the reactors much above the today's limit of 110 MVR 775 kV transformers and 125 MVR Three Phase 400 kV transformers. They are going to increase it, to improve the efficiency and to also reduce the cost; overall cost of that reactor.

Mohit Kumar: So, is it fair to say that the reactors should itself be around Rs. 7,000 crores - Rs. 8,000 crores per year market or do you think they are much smaller from market perspective?

- Satyen Mamtora:** It will be something like that.
- Mohit Kumar:** Understood. My last question, when we expect to see your IDT transformer booking starting. Is it fair to say that we can see some amount of booking in Q2 or Q3?
- Satyen Mamtora:** We are forced to accept some orders from some of our valued customers. We can't deny them. But we are going to automatize the production of the IDT transformer, not only to reduce the cost but also to improve the operating efficiency so that we can deliver something like 100 transformers per month. This is our ultimate goal and we are getting ready for that we have. We have ordered the machineries; we have started the construction for the new bay. It's going to be exclusive bay for manufacturing IDTs for the solar plants. Smaller Transformers approved 15 or 16 or 18 MVA. And besides that some special transformers will also be produced in that which matches, see the compulsion will the restriction of the crane and the height of the crane. So, whatever we can do in that, we will do it which includes the transformers like rectifier transformers. And also for the upcoming hydrogen projects for which we have started getting the inquiry, we have manufactured the one for GE USA and we have supplied to them. So, many more orders are going to come from there. The total requirement is something like 2,300 transformers in a year or just only for hydrogen projects, what you say electrolyzers? So, electrolyzer, rectifier and transformer. We'll be supplying only the transformer, rectifier part will be supplied by somebody else and electrolyzer will be their own make or maybe they may outsource them, like they outsource rectifier and transformers. This is the main.
- Mohit Kumar:** Are you expecting something like 30-40 GVA of IDT market in India for the next couple of years? Is it fair to assume that?
- Satyen Mamtora:** Very frankly speaking, we have not really worked on that. But there are ample of business like we were talking to Adani, they need about 1,000 transformers in a year. Similarly, companies like ReNew, companies like Acme also require that and recently Avaada also they require something like 700-800 transformers. Each transformer will be costing around, if I am not mistaken about Rs. 1.2 crores. So, it's a huge opportunity, it is only based on how reliable you are and how quickly you deliver because everything is based on your delivery time. So, we are trying to set up the plant for manufacturing 100 transformers in a month. So, that means about 100 transformers in a month, 1200 transformers in a year. So, almost 4 transformers a day. So, we can easily do that. We have done that in the past with Adani, so we can do that. It's not a big thing.
- Moderator:** Thank you. The next question is from the line of Ganesh Ram from Unifi Capital. Please go ahead.
- Ganesh Ram:** So, just if you could help us understand in connection to the previous question, those are IDT, the capacity that's coming, I think you mentioned in September 2024 like what's the competitive landscape like for this particular product? And then do we see any impact on the margins on the positive or downside? Maybe that's the first question.

- Satyen Mamtora:** So, the new plant will be operational by we start producing transformers from the new plant in December 2024 quarter. And there are also competitors there, but with the kind of situation everybody is either booked or they have enough to supply the transformer so that there is no such undercutting for the price on the transformer.
- Ganesh Ram:** Got it. And just to sort of understand how you know the realizations and margins compared to our existing product mix.
- Satyen Mamtora:** The realization will be very similar to the current product mix. There should not be any change, positive or negative towards the realization of this on this new transformer that we are manufacturing.
- Moderator:** Thank you. The next question is from the line of Subhadip Mitra from Nuvama. Please go ahead.
- Subhadip Mitra:** My question is firstly, just clarifying on the guidance. If I remember correctly, I think your previous guidance for FY25 was sales of Rs. 2000 crores for full year and around 14% EBITDA margins. Are you still maintaining the same values?
- Chanchal Rajora:** Subhadip, if you just heard our opening comment of Satyen sir, he has clearly mentioned that our renewal guidelines remain the same. So, Rs. 2000 crores is quite achievable and we are working on that and EBITDA margin will definitely will be on your expectations.
- Subhadip Mitra:** And similarly if one is to take a view 2 to 3 years down, what kind of, let's say, revenue growth over the 2-year period and let's say target margins over a 2-3 year period would you be looking to target or achieve?
- Chanchal Rajora:** Subhadip, next 3 years we are well posed to reach Rs. 4500 crores to Rs. 5000 crores numbers on a standalone basis with the EBITDA beta levels or somewhere 16% to 17% levels. And we also see a better growth in our consolidation books in terms of the numbers because of the backward integration and backward executions what we are doing.
- Subhadip Mitra:** Understood. If you could also help us with an update on the acquisitions that you were targeting to do as well as the backward integration?
- Chanchal Rajora:** Subhadip, we have raised the QIP in last month and there are certain objects we have mentioned in our PD and we are working on that directions and I'll make you sure that the funds will be utilized only for those purpose and soon we will be starting working on those directions. We already started working on the backward integration side on the fabrication unit as one of the largest fabrication unit we are working on that, work has started on that part. On other side, we are working on that and when the right time will come, we will definitely announce that.

- Subhadip Mitra:** Understood. And lastly, I think sir mentioned that we are looking to have the new facility having the ability to manufacture a large number of transformers on a monthly basis. So, that is going to come from the new factory which is expected by December 24?
- Satyen Mamtora:** We are expanding our Changodar plant. So, December 2024, Changodar plant is being expanded to include solar transformers and green hydrogen transformers.
- Subhadip Mitra:** Understood and the ability to do 100 transformers in a year that will be...
- Satyen Mamtora:** Yes, this new facility what we are making in Changodar, you last month may visit actually you would have seen by yourself the progress there. So, we are expecting somewhere between 12,000 to 15,000 MVA yearly basis from there. So, as the Chairman sir just guided that 100 transformer of 15 MVA range will not be a big thing from here.
- Moderator:** Thank you. The next question is from the line of Gunjan Kabra from Niveshaay. Please go ahead.
- Gunjan Kabra:** So, my first question is that so there are some news articles stating that Rs. 44,000 crores of transmission projects are getting delayed by PGCIL and there are like 18 projects getting delayed by 32 months and 8 projects getting delayed by 12 months or so. So, what's your sense on the delay because that might delay the execution though it's the need of the hour and demand for transformers really good in the industry. So, is there any delay in the execution on the transmission side and how can it impact us in terms of execution if you can guide?
- Satyen Mamtora:** See, this is the report which we have read today in the paper about the trouble they are facing for executing the entire project as they have promised because of the availability of the fund. But I think with PGCIL, there are other private players also like Adani and Tata Power and Sterlite, so they will be pushing in to get these orders. Now so far, whatever orders have been placed are mainly from the orders which you have received are mainly from Power Grid. Now, I don't know, why they are of the opinion that they may stole some of the project. But I don't see that kind of the feeling which we get from them, they are even now trying to get into 1100 or 1200 kV AC lines H2 or 3 of the 765 kV lines they will be converting to or 400 kV lines they will be converting to 1150 kV lines and their code for the meeting of the stakeholders to see their response, whether they will be ready with this. So, our person was the same thing, that if there is not enough order investing for 1200 kV transformer separately will be a big challenge. But we need some clarification from them. How much transformer they are going to require and on the basis of that, people will come out with the facility because it is to be manufactured in the same facility, but they are going to be much larger transformers than what they are buying today. It will be a bank of 3000 MVA, single bank as against today, what they have is 1500 MVA. So, 1500 MVA to 3000 MVA is a big jump, but the problems will be faced in transportation also because each transformer will be weighing something like 425 to 450 tons. So, transportation well that the bridges which are built are in a position to take that load over there will have to have a separate route for that, something like that. So, these are the challenges, but this is going to come by 2027. That is what they are expecting. So, I don't think there will be a slowdown as

mentioned in the paper today, the small news which has come, I don't know why, but we are not getting any feeling like that from Power Grid. On the contrary, we are having meetings with them every weekly on our dispatches and how we are going to meet their targets. So, in fact they are pushing us to do more. So, which is on the contrary what is being said in the newspaper today.

Gunjan Kabra: So, you think there is not much delay in terms of not only PGCIL sir, but other ways also on the transmission side because there are lot of external factors also for them to get it executed. So, is there anything where we are not only from their side but on the other front also might be a delay in execution or are we on track because?

Satyen Mamtora: We are very much on track.

Chanchal Rajora: Gunjan, there is one more thing I want to add that a week back, if you have seen the news article where the central government has basically instructed power utilities to enhance their CAPEX on the T&D sides.

Gunjan Kabra: So, the enhancement CAPEX guideline is already there and there is going to be a huge demand, but that is there. I am not denying that. But just on the execution front, because you are into this business day in day out, so you might know a little more, a little better than what all of us know, so just wanted to gain an insight because this is the need of the hour that's there. I mean, because generation is happening, transmission has to be there. So, my second question is what is your strategy in terms of the export market comparatively, because there are high numbers on the transmission side of what the US, Europe and Africa going to spend on the transmission. So, what is our strategy going forward for the exports and I guess comparatively margins are also a little higher and we have got some approval. So, how are we seeing the export markets going forward?

Chanchal Rajora: Gunjan, if you have been tracking our earning calls and investor calls, our investor interaction, we have been always guiding about the export strategy that how we are focusing on the export market. Also, we have mentioned in our various calls that we have a target of reaching 25% of order book by end of FY26. And we are working on that directions. We have our full time employee based out of you can say Europe, we have our agents across the countries and we are increasing our footprints and we have significantly actually enhanced our export team. So, we are working on that direction, but in the same time, we don't want to lose our Indian customers or Indian opportunities just in order to have the export market which will give the room to the other people to enter where we are strong. So, we are balancing and working on both the sides and as guided that FY26, you will see 25% of our entire order will be from the export side.

Gunjan Kabra: Okay, got it. So, the third question is when we talk about we are getting backward integrated like into tank radiators and bushings and core CRGO, what kind of EBITDA margin like how much of that supply is right now captively use, are we sufficient in terms of our capacities? But though we are enhancing it as well, so likewise if I see a power transformer Company

manufacturing transformers plus with you guys manufacturing with backward integration. So, what kind of margins can we see because tanks and all are also 8%-10% EBITDA margin business. So, what kind of margin expansion or maybe likewise what is the difference that we can see if we compare two players with backward integration and not backward integrated?

Satyen Mamtara: See there is a disconnect there. Today, if you see the EBIT margins with the tank manufacturers, it is more than 25%. It's huge because there is no availability of tanks in spite of so much of requirement of the tank. So, everybody is struggling to get the tanks at whatever price the tank which we are getting at Rs. 110 today is costing me Rs. 160. And if I go for export of those tanks, it will be more than Rs. 350 a kilo taking into account 20% as the transportation cost from here to America, still you will make a huge profit. So, the plant which we are thinking about or which plant we intend to have is going to be more of automatic, with less manpower, and it is going to be the largest plant in the world for tank manufacturing. It's going to be largest and I mean it. So, there are no such facilities to have such a huge capacity plant for manufacturing transformer tanks.

Gunjan Kabra: And sir 17,500 is the order inquiry pipeline that we have? So, what part of that can be addressed in FY25 in terms of tenders, any idea on that?

Chanchal Rajora: Gunjan, look the inquiries, order generations is a continuous process of business and inquiries that keep coming and getting materialized on the order side. So, it's a continuous process to us and as you see that every year we are increasing our order book significantly, right. There is a robust increase as compared to the FY23 to FY24 and it is going to be the significant increase in the FY25 order book also. So, I can't tell you that how much percentage and all this that, but we are working on the guided guidelines and where we want to reach to the 3 years down the line. Just to add up some of your questions about the backward integration, the backward integration is going to add at least 100 bps in my standalone books on the EBITDA margin levels.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Sir, good evening and congratulations for a decent set of numbers. Sir in this quarter, we have seen some slowdown on a Q-o-Q basis. So, were there any factors which led to that because we were thinking that because the buying and the demand has been very strong, so you will be continuously sort of fulfilling and booking the orders also in this quarter as well?

Chanchal Rajora: Sarvesh basically, it's not this slow down. It is basically the deliverables right. There are the certain numbers we have to deliver at a certain time periods. So, this numbers are what we are based on that and there is a slightly, you can say that crunch on that because there was a small delay into the CRGO supplies because of the BIS restrictions by the Government of India sites. But by and large, basically our revenues are now depending on the deliverables in every month

and we are working on those directions that whatever is the marketing required, the numbers to be delivered in monthly basis, we will deliver on those lines.

- Sarvesh Gupta:** Did you see any impact of the elections on the deliverables in this quarter?
- Satyen Mamtora:** No. There is no impact.
- Chanchal Rajora:** It's Quarter 1 is always like this, Sarvesh.
- Sarvesh Gupta:** And this Rs. 4500 crores to Rs. 5000 crore in standalone revenue that you expect, this is FY28 sort of a number, right?
- Chanchal Rajora:** By FY27, it is 3 years.
- Sarvesh Gupta:** Within the next 3 years, so 2000 and then 2000 should become like Rs. 4500 crores in FY27.
- Chanchal Rajora:** Yes, sir.
- Sarvesh Gupta:** And what is the expected order inflow sort of a guidance for this year?
- Chanchal Rajora:** Sarvesh, as and when the order comes, we keep basically announcing that, right? Yes. But we will be having much higher order book what we had in March 31st.
- Sarvesh Gupta:** From a constrained perspective, like of course there's a lot of demand and I think as you rightly said, customers like Power Grid are also pushing you to sort of do more. So, what are the constraints that we are seeing currently in terms of fulfilling the demand and how do we?
- Satyen Mamtora:** Currently, there are some regulations and see transformer industry had built up over the last 10 years, but unfortunately the raw material suppliers could not build up on that. And with the sudden increase in raw material and with some restrictions from the Government of India, we are facing a little problem in attaining the raw materials which is being sorted out as we speak.
- Sarvesh Gupta:** Raw material and the pricing of the raw material would be one thing. But in terms of other things like building a new facility, are you seeing any constraint in terms of procuring because the timelines for those machineries might also go up, given that a lot of players are planning to ramp up at the same time?
- Chanchal Rajora:** That is all lined up, so there are no issues there. We have commitment from them and they are genuine suppliers, so we don't worry about it.
- Satyen Mamtora:** So, when we are saying that December 2024 that our plant will be functional. It is because we know that our machines will be delivered by November 2024.

- Sarvesh Gupta:** And sir, finally, if I may ask one more question, so earlier and now I think for the same level of revenues also we are doing much better margins. So, is it because the pricings have gone up or something else which is sort of playing because there is too much demand, so the transformer?
- Satyen Mamtora:** The pricing has gone up as well as because of operational expenses that we are working on both are building in the factor on the profitability.
- Sarvesh Gupta:** But mainly, it would be like because earlier when we used to do Rs. 300 crores, we used to get like 7%-8% margin. Now we are getting 12%-13%-14% margin in the same sort of scale. So, what is the primary contributor here, sir?
- Chanchal Rajora:** Sarvesh, to understand it, we need to understand the customer mix what we had and what are the opportunities were existing at that time. They were very limited opportunity existing in the transformer industry in 2 years or 3 years down the line whereas the opportunities are immense and the customer network and customer base is different. So, this earlier this week, the majority of the customers over the state utilities and top of that the suppliers were more so the cut-throat competition was there and as the few minutes back the MD sir has stated that there is ample demand for everybody. So, there is no dearth of the orders, so nobody is going and cutting the pricing flavors, right. So, the prices have a better up in last 1 year and 1.5 years' time as well as the operational efficiency also has increased in our organization, and both are contributing on that point. If my MVA production increases, definitely my operational efficiency increases and my margins are increasing. So, these two factors are combined contributing in this.
- Sarvesh Gupta:** And now that many of the producers are also sort of exporting, up to, let us say 20%-25% of their topline. So, now given that there is a lot of demand in the domestic segment itself, but of course the export I would say would be more lucrative in terms of margins, but do we feel a risk of a government intervention in terms of our export because the domestic demand might get somewhat delayed because everyone wants to export much more because margins are higher there?
- Chanchal Rajora:** Sarvesh, well understood it, to understand that the product which are getting exposed and product which are basically required in India at this moment are not on the same line. Majority of the product which are getting exports are either the special duty transformers or the solar IDT transformers, whereas in India requires more of the high voltage power transformers. So, we don't see any such kind of intervention from the government. And also if you just noted when I was replying to Gunjan, I said very categorically clear that we are not running for the exports. We will be basically allocating our additional quantities to the export market. So, these things, we don't see that it is coming into the picture.
- Moderator:** Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC. Please go ahead.

- Shrinidhi Karlekar:** Sir, just wanted to know, do you guys manufacture traction transformer and are you guys seeing opportunity coming from the Vande Bharat trainset traction transformer?
- Satyen Mamtora:** We are working on certain projects, the STATCOM Transformers that currently we got orders for are for the Vande Bharat trains.
- Shrinidhi Karlekar:** And the same the traction transformer?
- Jitendra Mamtora:** There are two types of traction transfer. One is what we say, trackside transformers and one is which are used in the engine itself. So, we are not into the transformers which are used in the engine. We are on the trackside transformers. Trackside transformer also they have now come out with special transformer Scott connected transformer where they change the line or they convert the line, three phase line to single phase line to supply to the railways and when you have a three phase transformer like that three phase, single phase, two phase transformer, it decreases the transition line cost for the railways. So, there are major advantages and then the balance is in such a way that not a single line is overloaded. Because it is all trackside transformer, so the supply required by the railway trains is single phase, so you have to have a single phase line and it will run only single phase line, there will be a chaos in the system. So, they have a three phase to two phase line which supplies power to the engine, so to the railways. So, we are into trackside transformers, we are also into Scott connected transformers and now as Satyen said, we got the order for STATCOM transformer which stabilizes the line. They are mainly used for stabilization of the line, so that unequal voltages reduces and no disturbances in the system.
- Shrinidhi Karlekar:** And sir, the STATCOM transformer that goes into grade application. Are you present in that market?
- Satyen Mamtora:** Yes, we are very present.
- Moderator:** Thank you. The next question is from the line of Amit Mahawar from UBS. Please go ahead.
- Amit Mahawar:** I just want to understand we also deal with global peers like GE, Hitachi etc., right, probably we have made supplies to them both in India and maybe globally. In FY24, can you broadly share what percentage of our sales comes from supplies to some of the global peers?
- Chanchal Rajora:** Amit, I would basically request you to go through our FY24 investor presentation, so you will get all the details in that sir, broadly which is available on the stock market and our website.
- Amit Mahawar:** Second question, sir is on the export opportunity, now globally China used to be one of the largest suppliers to the West, almost 5 billion USD at the peak exports of Chinese Transformers globally, which is not the case right now, they don't get proper reception audience on the Western grids because of various issues including security. So, what is the total opportunity for the

domestic transmission equipment players, if I right now foresee particularly from maybe developed markets if you have that assessment, sir?

Chanchal Rajora: So, Amit, we would be doing around 25% of our turnover in exports and not beyond that and there are enough opportunities that we are looking at in terms of export in Europe and in US, so pretty much 25% is achievable.

Amit Mahawar: So, you are saying broadly in three years' time around Rs. 1,000 crores is what you are looking at?

Chanchal Rajora: Amit, if you want to understand more about the global market scenario, anytime you can connect me, I can guide you on that.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

Nikhil Abhyankar: Sir, I wanted to understand about this Scott transformer. Sir, is this kind of a onetime event that the railway is undertaking and what kind of total market, what is the term for this product?

Chanchal Rajora: Nikhil, see there are increasing the speed of the trains. So, whatever are the Transformers beside the new tracks they are building, they need to change the transformer, because with the existing transformer which are smaller in size, which were taking care of average speed of the train to be 70-80, now we are talking about average speed of 120 to 140. So, these transformers are to be replaced immediately. So, the railway is in short supply for the transformer, they are looking for the good vendors and they are doing everything to ensure that their program for electrifying the lines or increasing the speed of the train does not hamper, so they are in a big way into this. And we are getting the opportunities every now and then from the railways for this. Besides that, metros, just look at the metros. Metros are coming up everywhere and they are expanding so much, like almost like 80% of the transformers used by metros in Delhi are ours, Ahmedabad is 100% ours, Cochin 100% ours, Goa is ours, so we have been established as a major player in the transformer also for the metros. They are similar to what you require for the trains. They are a little smaller, but they are almost the same.

Satyen Mamtora: And Nikhil, seeing the size of railway, one time opportunity railway will be how large you can analyze yourself even if it is there.

Nikhil Abhyankar: Sir, we did some math and we came out with an opportunity of somewhere around Rs. 5,000 crores. So, is that fair or will it be higher than that?

Satyen Mamtora: We will be not able to answer you this question. The Railway Ministry can give you this answer.

Nikhil Abhyankar: And just to understand the market for the solar renewable, so is it fair to assume that 1 GW of say solar we will require 1 GVA of IDT transformers? Will it be more or less?

- Satyen Mamtora:** It will be more than that. What happens is IDT maybe 1 GV, but 1 GV you require for exiting the power to the grid. So, for 1 GV of power, you require 2 GV of transformer, minimum. It will be still more than that because they don't want to have any outage during the operation. So, they prefer to have little, larger transformer than they require.
- Moderator:** Thank you. The next question is from the line of Mayank Bhandari from Asian Market Securities. Please go ahead.
- Mayank Bhandari:** Sir, I wanted to know what would be the CAPEX for this year for the expansion you are doing in the Changodar and as you have given now the guidance for next two years, the revenue should reach to almost Rs. 4,000 crores, what is our CAPEX guidance for FY25-26 also?
- Chanchal Rajora:** Mayank, for the current year CAPEX guidance, we have already given in our QIB documents, you can go through that and you can get these details from that. And for FY25-26, we don't see any capacity requirement as of now. It is pretty early for that.
- Moderator:** Thank you. The next question is from the line of Chinmay Kabra from Emkay Global Financial Services. Please go ahead.
- Chinmay Kabra:** Just really wanted to get a sense of the inquiry pipeline of 175 billion, like if I could maybe get a break up on a sectoral level, what is the opportunity size that we would be looking from the solar and the green hydrogen transformer that we are going to be manufacturing going ahead? So, just the market size, if any fair understanding of that?
- Satyen Mamtora:** Chinmay, currently we have only taken a few orders from select few customers of ours who have been very loyal to us, but among this Rs. 17,500 cores order inquiries, none of them are from solar. Solar, we will only start going after the first half. We will start going to people only after the first half. Once we are towards the fully functional plant, we start quoting to customers for solar transformers. So, you can expect after September, we will start quoting for solar transformers from our inquiries that there is nothing in solar.
- Moderator:** Thank you. The next question is from the line of Abhijeet from ICICI Securities. Please go ahead.
- Abhijeet:** Just one question from my end. What is the size of the order that we received for the STATCOM single phase? Could you please quantify that?
- Chanchal Rajora:** That is close to about Rs. 198 crores, if I am not wrong, just give me a moment. So, I think it should be around Rs. 200 crores, somewhere around Rs. 200 crores.
- Abhijeet:** So, about a crore per MVA?
- Chanchal Rajora:** Yes.

- Abhijeet:** And sir, what would be the proportion of traction transformer business in our order book at the end of Q1?
- Chanchal Rajora:** Q1, there is nothing that we have manufactured for traction transformers.
- Abhijeet:** Sir, part of the order book like the entire order book out of that?
- Chanchal Rajora:** Around 5% to 7%.
- Moderator:** Thank you. The next question is from the line of Ria B from VA Securities. Please go ahead.
- Ria B:** Sir, the new capacity that you are adding in September 24 and December 2024, what would be the revenue contribution from each of these facilities?
- Chanchal Rajora:** First of all, this is September and December. Basically, it is the one capacity expansion which is basically coming by December as of now, right and this is for 12,000 MVA addition for the entire year and we are expecting close to Rs. 1,000 crores addition once it is fully function and fully operational.
- Ria B:** And you will expect it to be fully operational and by what is the timeline on that?
- Chanchal Rajora:** From the December onwards, it will be available for the production and adjust and as MD sir has mentioned that from September onwards, we will start taking the order booking for these IDT transformers.
- Moderator:** Thank you. We will take this as the last question. I would now like to hand the conference to Mr. Subhadip Mitra for closing comments. Over to you, sir.
- Subhadip Mitra:** Thank you. On behalf of Nuvama Institutional Equities, I would like to thank the Management for giving us this opportunity to host the call. Any closing comments from your side, sir. Over to you.
- Satyen Mamtora:** Thank you to each and every one of you for being part of the Earnings Call and participating in the call. We appreciate your support and trust in us. We hope we have been able to address most of your queries. In case of any further queries that you may have, you may reach out to our investor relation advisor and they will connect you with Chanchal. Have a great weekend. Thank you.
- Moderator:** Thank you. On behalf of Transformers & Rectifiers India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.