



“Transformers and Rectifiers (India) Limited  
4Q FY '25 Conference Call”

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**MODERATOR:** **MR. DHIRENDRA TIWARI – ANTIQUE STOCK BROKING  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Transformers and Rectifiers (India) Limited 4Q FY '25 Conference Call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Dharendra Tiwari. Thank you, and over to you, sir.

**Dhirendra Tiwari:** Thank you very much. Good day, ladies and gentlemen. On behalf of Antique Stock Broking, I welcome you to 4Q FY '25 post-result conference call of Transformers and Rectifiers (India) Limited.

The company today announced a very strong set of numbers and I congratulate the management to deliver yet another very strong quarter. To discuss results and the outlook, I am glad to welcome the management team represented by Mr. Jitendra Mamtoraji, Chairman; Mr. Satyen Mamtoraji, MD; and Mr. Chanchal Rajoraji, CFO and Advisor to the Board.

With these words, I now invite Satyenji to give initial remarks, post which we will open the floor for Q&A. Satyenji, over to you. Thank you.

**Satyen Mamtora:** Good evening, ladies and gentlemen. Thank you for joining us today on our FY '25 earnings call. We are pleased to connect with you as we close out with a remarkable financial year and share our performance highlights for both Q4 and full year.

Earlier today, our Board of Directors approved the audited financial results of FY '25 and the same have been released to the stock exchanges along with investor presentation. The financial year 2024-'25 has been a landmark year for our company, marked by record-breaking operational performance, technological advancement, and strategic growth initiatives that we have significantly enhanced our positioning in the transformer industry.

We have achieved the highest-ever production in the company's history, manufacturing 29,118 MVAs up from 16,425 MVAs in FY '24. This has directly translated into record high revenue growth, supported by strong execution and healthy and diversified order book. Our total order inflow now for FY '25 stood at INR4,504 crores, the highest in our history. This robust inflow has resulted in an unexecuted order book of INR5,132 crores as of March 31, 2025, ensuring clear revenue visibility for the next 15 months to 18 months.

One of the most significant milestones was securing a landmark order of INR740 crores from GETCO in March 2025, the largest single order in our company's history and probably the largest by GETCO as well. This win exemplifies our industry leadership and customer trust. We also successfully raised INR500 crores via QIP, executed in record time. The capital will be instrumental in furthering our backward integration plans and expanding our manufacturing capacities.

Q4 '25 highlights. Q4 saw successful completion of dynamic short-circuit testing of 500 MVA, 400 kV, a key technical achievement that reinforces our engineering progress. We also completed short-circuit testing with an 8.8 MVA inverted duty transformer, meeting the latest CEA specifications.

Our fully automated radiator facility has progressed well, with PGCIL approval process formally initiated during the quarter. Another major highlight was the record number of transformers tested in December 2024, both in terms of MVA and in total units, underscoring our internal capability and streamlined operations.

During Q4, we entered into technological tie-up to accelerate our backward integration journey. This collaboration enhanced our in-house capabilities, reduced our dependency on external sources, and improved our supply chain resilience. We proudly completed acquisition of a controlling stake in a CRGO processing unit by achieving 100% backward integration in one of the most critical raw materials, which constitutes of 32%-35% of transformer cost input.

Looking ahead, as we transition into FY '26, our focus remains firmly on consolidation, global expansion and sustainable profitability. Our long-term vision to become a US\$1 billion revenue company within next 3 years remains intact, and we are confident of achieving it through consistent execution and customer-centric innovation and robust financial discipline.

Our strategies include strengthening backward integration, investing in automation and digital transformation, focusing on clean, sustainable energy solutions in line with India's power sector ambitions. With strong fundamentals, industry-leading capabilities and high-quality order pipelines, we are well positioned to navigate the opportunities and challenges of the coming year.

On behalf of the entire leadership team, I extend my heartfelt gratitude to all our stakeholders, customers, employers, suppliers, Board members and investors. Your continued trust and support remains the cornerstone of our journey. Together, we are building a future ready organization that not only leads in the transformer industry, but also contributes meaningfully to India's evolving energy landscape.

Thank you once again for joining us today. I now hand over the mic to our CFO, Mr. Chanchal, to take you through the financial performance in greater detail. Thank you.

**Chanchal Rajora:**

Good evening, all of you, and thank you, Satyen sir, for your comprehensive overview and strategic insight on what has been a truly transformational year for the company. Your leadership has been instrumental in guiding us through a period of strong execution and growth.

It gives me immense pleasure to share with you the record-breaking financial performance achieved by your company, FY '25, a year that marks a new height in terms of the revenue, profitability, and operational strength. I first want to give small quarterly performance snapshots before I take you through the entire year journey.

Let me start with our performance for the final quarter for the financial year. In Q4 FY '25, our stand-alone revenue stood at INR647 crores with EBITDA margin of the quarter at 17.1% and

a PAT margin for the same quarter was 11.6%. Together, these back-to-back strong quarters reflects the impact of improved execution capabilities and sustained demand from both the domestic and export markets.

I'll just give you now the full year financial highlights for FY '25 vis-à-vis FY '24. At the beginning of the year, the company has guided a revenue target of INR2,000 crores in the financial year FY '25, and I am proud to inform you that we have achieved the group revenue of INR2,051 crores with a PAT margin of 10.1% in FY '25 that shows the journey path the company is going through.

Moving to the full year performance, on a stand-alone basis, we reported a revenue of INR1,950 crores, a significant 53% growth as compared to FY '24. EBITDA stood at all-time INR320 crores, up from INR125 crores in the previous year, making a 149% increase. EBITDA margin improved to 16.12% for the entire year as compared to 10.03% in FY '24, indicating better operating leverage and cost efficiency measures taken by the organization.

Profit after tax came to INR187 crores, a jump of 325 % as compared to INR41 crores of the last year. PAT margin improved 9.45%, up from 3.24% in FY '24. On a consolidated basis, the revenue target of INR2,051 crores versus the INR1,294 crores of FY '25. EBITDA margin on a consolidation basis is INR359 crores and the PAT of INR216 crores.

Key financial ratios and operation metrics. We continue to strengthen our balance sheets and improve our capital efficiencies. During the year, the return on capital employed was improved to 22.76% from 6.7% as compared to last year. Return of the investment increased to 23.13%, up from 0.95% of the FY '24.

Debt-to-equity ratio reduced to 0.2 % compared to 0.84% last year, reflecting our progress towards becoming a net debt-free company. The debtor day reduced significantly to 114 days from 156 days as compared to last year. FY '25 was also a year of decisive actions and strategy expansion for the company.

The company has raised INR500 crores through QIP proceeds, among the fastest fundraisers in the Indian capital market, reflecting the investors' confidence in our long-term vision. Acquired a controlling stake in the CRGO process unit, ensuring 100% backward integration for a critical raw material component.

Launched two major capacity expansions. 15,000 MVA capacity expansion started in April 2024, the Phase 1 operation by May 2025. During the year, the company has also started a capacity expansion of 22,000 MVA at the EHV transformers expansion at its Moraiya facilities, which is expected to be completed by February 2026.

These projects will take our total manufacturing capacity to 75,000 MVA, enabling us to cater the rising demand from all the corners of the industry. In the next 15 months, the company will be spending INR550 crores on capex expansions to strengthen its organic as well as backward integration growth, with the target to become 100% backward integrated.

Outlook and the closing remarks. Looking ahead of FY '26, we are entering the year with a robust unexecuted order book of INR5,132 crores and a well-diversified pipeline of inquiries from both domestic and international markets.

Our focus area remains continued margin expansion through operational efficiency, enhanced return ratios, strengthening backward integrations, becoming a debt-free company within the next 1 to 2 years' time. We are fully committed to our long-term goal of reaching US\$1 billion in revenue within the next 3 financial years, and we believe that we are well on track to achieve this vision.

In conclusion, I would like to express my deepest gratitude to all the stakeholders, our customers, investors, Board members and especially to our hard-working employees for their continued trust and belief in our journey. With your support drives our passion to deliver excellence and create a long-term value. We are excited about the opportunities ahead and remain confident in our ability to capitalize on them with discipline, agility, and ambitions.

Thank you once again for joining us today, and now I request the moderator to open the floor for questions and answers.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question comes from Bharat Shah from ASK Investment Managers Limited.

**Bharat Shah:** My hearty congratulations, Jitendra bhai, Satyen bhai and Chanchalji. This is a remarkable testimony to something that you charted out some time back and a really delightful execution, I must say. Just two initial points that I wanted to understand. The margin in the fourth quarter in particular is quite healthy and surprisingly robust. Is this operating margin of almost over 19% for the fourth quarter on a consolidated basis? Chanchalji, is this representative of the picture ahead in terms of the margins?

**Chanchal Rajora:** Sir, good evening. How are you, sir?

**Bharat Shah:** All well. Thank you.

**Chanchal Rajora:** Thank you for joining us. It's really a privilege to have you here. Sir, quarter 4, there are a couple of orders that we have executed were at very, very excellent margins. And that's why this quarter 4 margin is looking a little bit robust. But on the futuristic side, the margins what we are showing on a yearly basis will be the guided margins, sir.

**Bharat Shah:** I see. And which we should take into account is what kind of a range?

**Chanchal Rajora:** 16% to 17% level, sir.

**Bharat Shah:** Okay. For the year ahead.

**Chanchal Rajora:** Yes, sir.

**Bharat Shah:** Sure. And as we move to the journey of \$1 billion, which means from little over INR2,000 crores in the year gone by. So by '28, we are seeing turnover more than quadruple. And I assume given

the operating leverage and the other benefit that will accrue, our profit should grow at a rate faster in that journey.

**Chanchal Rajora:** Yes, sir. I agree with you, sir. As I guided always, our target is to reach to a 10% PAT level. And we are basically targeting that. And as you said correctly, the margins will improve as well as the resource will improve drastically, sir.

**Bharat Shah:** Fantastic. Once again, congratulations. And I think I was also very impressed that on 8th of April, a week after the year has gone by, not only results have been announced, but audited results have been announced. This is remarkable. So once again, congratulations, Jitendra bhai, Satyen bhai and Chanchalji. This is something to look forward to.

**Jitendra Mamtora:** Thank you, Bharat bhai. And one thing which is very close to my heart is the backward integration which we are doing, which will definitely give us a lead over other players as far as the order booking and the margins are concerned and also improving the quality of the goods which we are going to make, because everything is going to be in-house.

So, we will save time as far as the inspections are concerned, because today the inspectors, the utility inspectors, they go to place to place to do the inspection. Here they have to visit only one place to do all the inspections. So that will also give us a faster lead time. And we are very confident about this. Thank you, Bharat bhai, again for joining us.

**Bharat Shah:** Thank you. And all the very best.

**Jitendra Mamtora:** Thank you.

**Moderator:** Thank you. Your next question comes from Manish Ostwal from Nirmal Bang Securities Private Limited.

**Manish Ostwal:** Yes, sir. Thank you for the opportunity. My question on your improvement in working capital this year compared to last year. So how do you see this is sustainable or what is the sustainable working capital we can think when you talk about \$1 billion revenue?

**Chanchal Rajora:** Manish, thank you very much for joining us. And the working capital what we are showing here, if you have been actually hearing us, we are targeting at the level of around 120 days working capital. And I'm pleased to say that we are quite on that track. And it's a sustainable working capital for throughout the year.

But on our other side, our target is to reach 200 days levels. And as the revenue will increase and the margin will build up and resource will build up, this is going to be a very, very sustainable target.

**Manish Ostwal** Okay, sir. And I'm referring the recent CNBC interview where the management set INR8,000 crores of order for next year. Given the performance and the given the current pipeline, will you revise that number or the INR8,000 crores is the number which we are looking to achieve in the next financial year?

**Satyen Mamtora:** So, next financial year, our order book input will be around INR8,000 crores?

- Manish Ostwal** Order book will be INR8,000 crores, not the order inflow right, against the INR4,500 crores which you have reported this year.
- Satyen Mamtora:** Yes, because we are going to dispatch the INR3,500 crores worth transformers this year. So, our order input will be around 8,000 -- order UEOB will be around INR8,000 crores.
- Manish Ostwal** Yes. And lastly, sir, on the product innovation side, I mean, the high voltage transformers, any innovation we have done during the year. Can you talk about something on that front, which came high in value and margin accredited for us?
- Chanchal Rajora:** Manish, we are actually all -- into all kinds of the transformers right now. Yes, for this year, we are targeting that we wanted to get into the HVDC segment, and pretty soon we will be into that line. Otherwise, if you say about the HV transformers, we have the capability to make up to 1,200 kV transformers and no transformer has been built more than that so far now.
- Manish Ostwal** And one small data point, can you split the capex for '26-'27. And last time you shared the product-wise and the customer-wise order book breakdown. This time it is not available in the presentation. Can you share the data? Thanks.
- Chanchal Rajora:** Okay. Manish, '26 - '27 capex, we have not identified, we are working on those numbers so far. Firstly, our target is to become the 100% backward integrated and for that Board has allocated INR550 crores, which will be used for the backward integration as well as to the organic growth what we are eyeing for 22,000 MVA in this year. So that will be come up.
- As far as the customer breakup is concerned, in our present order book around 45% is the utility business and around 55% is the EPC and other businesses comps. As far as the product is concerned, 70% of our product is on the 220 kVA plus and 30% is on the other transformer sides.
- Manish Ostwal** What is the export share of the order book?
- Chanchal Rajora:** Not only order book, basically if I could tell you in revenue around 15% to 17% is the export shares. And order book is also around 15%. And as you have been hearing us that we have targeted to remain around 15% on the export order book size.
- We don't want to increase more than that because the opportunities are very, very high in India, and margins and payment terms are much, much better now in India.
- Manish Ostwal** Absolutely. Thank you.
- Moderator:** Your next question comes from Anupam Goswami from SUD Life. Please go ahead.
- Anupam Goswami** My first question is on the growth that you are building up in 1 billion revenues. So, it was based mostly on the government capex or are we basing on the private capex? And also now that we are venturing into EHVAC and HVDC, how confident are we given that the transformers capacity in the industry is also rising? How competitive are we in that segment, and what sort of margin we'll be able to maintain there?

- Chanchal Rajora:** Anupam, what was your first question?
- Anupam Goswami:** The growth that you are building, it is based on government utility or mostly --?
- Chanchal Rajora:** Anupam, basically if you see in my present order book is 45%, 55%. We have the customer mix and that shows that we have the diversified customer range. And second point is that let me tell you that the grid expansion in India is taking a very, very fast pace.
- If I give you a very small example, that as per the CA only in next 6 years basically, 381 transformers are required for the grid expansion, which is 220 kVA plus transformers and around 193 reactors are required. And at present, we even don't have the 50% capacity of that in India. And the growth in the grid expansion is taking a very, very fast manner.
- So, by both the levels, the requirements are coming and we are serving both the clients on that level. And second point is that that margins have reached up to the level where we don't want to increase the margins much, as our Chairman's philosophy is very, very clear that we should not increase the margins to open the doors for us.
- Yes, HVDC we are entering and we are quite compatible in terms of the HVDC. As we have the manufacturing excellence or engineering excellence for the other products also, same we have in this also.
- Anupam Goswami:** So in HVDC, do we intend to tie up with something, because I believe HVDC only few players are qualified? Have we gotten any order or approval as of now?
- Jitendra Mamtora:** Anupam, there are no orders as such. But they've been promised by the central [24:37-Inaudible], they will give us the work for the repair of the transformers. And once they are comfortable with what we do on the transformers, which we are going to repair, because there is a huge failure of the HVDC transformers in the grid.
- So, they are very much keen to have the players who are homegrown or because of the Indian-make philosophy of our Prime Minister, they are going to give us a trial order for that. And once we get it, we will do it on our own.
- But as far as the technology is concerned, we are not going to get the technology from anyone, nobody is going to share that. Now if you see even 400 kV and 765 kV, technology is not available. If somebody has to do it, he has to do it on his own.
- Anupam Goswami:** Okay, sir. So lastly, if you can give some light on the kind of capacity transformers India is building up in the next two, three years and the kind of demand – demand you already mentioned. Will there be any refurbishment of old transformers and those orders along with this?
- Jitendra Mamtora:** Anupam, the old transformers are going to be replaced. The transformers which are older than 35 years, they are going to be replaced. But they are not plenty, because we have started building 400 kV line since last only two decades and 765 kV only since last 15 years. So, there are not going to be many transformers for repairs of 400 kV or 765 kV, but in the years to come, it is going to be.



- Anupam Goswami** Thank you, sir. I'll join back in the queue.
- Moderator:** Thank you. The next question comes from Bhalchandra Shinde from Motilal Oswal Asset Management Company. Please go ahead.
- Bhalchandra Shinde:** Hi, sir. On the current order book, what will be your execution cycle?
- Chanchal Rajora:** 15 to 18 months.
- Bhalchandra Shinde:** And since we have started the CRGO steel plant, what kind of an inventory will need to keep and how the cost impact or cost benefit one should see based on the steel price movement?
- Chanchal Rajora:** We have already tied up with the couple of mines for the long term, mills for the long-term supplies. So, we'll be not keeping the inventory much into our facilities. They are going to supply us on monthly basis to us. So, there is no such inventory built up is required.
- And more than the margins and these things, this acquisition will improve us the quality as well as the operational efficiency and delivery time, which will automatically end up increasing our margins.
- Bhalchandra Shinde:** And so -- because of the benefit of advances received for the --.
- Moderator:** Really sorry to interrupt. Shinde sir, we had lost your audio in between and there is a lot of background sound also coming from your line. So, if you can repeat the question once again.
- Bhalchandra Shinde:** Can you hear me now?
- Moderator:** Yes sir, this is much better.
- Bhalchandra Shinde:** So in working capital improvement, how much is the benefit because of the advances received from the customer?
- Chanchal Rajora:** Not a significant improvement on that basis, Mr. Shinde, it is an overall a holistic approach what organization has taken, that is basically yielding the improvement in the working capital.
- Bhalchandra Shinde:** Got it. And overall, what will be our targets as you said in FY '26 for order inflow?
- Chanchal Rajora:** Just I think a question back, our MD has actually replied that. So, our target is to have the INR8,000 crores order book by end of the next year.
- Bhalchandra S:** Got it. Thanks.
- Chanchal Rajora:** Sagar, can you please stick to one question by every person, because there are lots of people are in queue, please.
- Moderator:** Definitely. Ladies and gentlemen, in order to ensure that the management is able to address questions from all the participants in the conference, please restrict your questions to one each per participant. If you have any follow up questions, you may rejoin the queue. Your next question comes from Samarth Khandelwal from ICICI Securities. Please go ahead.

**Samarth Khandelwal:** Good afternoon, sir. Congratulations on a very good quarter. Sir, my question is on the special duty transformer side, which I believe is the area of market is exports. First question is that how will the tax impact this demand for special transformers from us? Yes, that's with respect to special transformer, that's it.

**Jitendra Mamtora:** Samarth, the market for the special transformer is growing very fast, mainly because of the speed which has taken up for production of the green hydrogen and ammonia. There is going to be huge requirement of transformers for that. We have been getting inquiries from all over the world for the supply of these rectifier transformers. So, the business is going to grow in a big way.

So, there's going to be a huge requirement for those transformers as well in the coming years. And as far as India is concerned, we are the major supplier of these rectifier transformers, and the transformers for the furnaces, whether it is electrical arc furnace, whether it is submerged arc furnace. So that business is also growing very fast. Have I answered your question, Samarth?

**Samarth Khandelwal:** Yes, you have. Thank you. I'll join back in the queue.

**Moderator:** Thank you. The next question comes from Mayank Chaturvedi from HSBC Mutual Funds. Please go ahead.

**Mayank Chaturvedi:** Yes, thank you for the opportunity, sir. Just a clarification, you said the manufactured MVA for the year stands at about 29,000 MVA. But when we had discussed 2Q FY '25 results, it is guided that there will be around 40,000 MVA with a revenue of about INR2,000 crores.

So the realization per MVA was about 5 lakhs per MVA. But now it seems it has risen to about 7 lakhs per MVA. So, can you just clarify what the difference that has come out in the second half of FY '25 on the realisation and the realities, please?

**Jitendra Mamtora:** Mayank, this is wrong perception of the people that realization of the - per MVA realization is just for the namesake. See, if you make a larger transformers, like if you make a 500 MVA, 765 kVA transformer, which is single phase, which is around today, the 500 MVA transformer costs about INR20 crores. If you talk about 500 MVA transformer, three phases of 400 kV, it is costing you INR32 crores.

So it is just for the namesake, you can't decide the per MVA realization of the transformer and come to the conclusion about the margins. Like reactors, reactors are, again, 7 lakhs to 8 lakhs per MVA. But they are different.

So, every transformer has a different per MVA realization. If you go for a smaller transformer, the realization will be something like 15 lakhs per MVA. So, it does not tell you anything about the realization per MVA. But 29,000 MVA or 30,000 MVA and INR2,000 crores of revenue comes to around 6 lakhs per MVA. So that's fairly good.

**Mayank Chaturvedi:** Yes. Okay. And just a follow up on this. Safe to say that, you are now operating at 70%-75% utilization and that will get fully utilized in the next year?

**Satyen Mamtora:** Yes, we are currently at 60%-65% utilization. Next year, we should reach about 80% utilization.

- Mayank Chaturvedi:** Okay sir. Thank you.
- Chanchal Rajora:** Mayank?
- Mayank Chaturvedi:** Yes sir.
- Chanchal Rajora:** Thank you very much for your continuous confidence and support.
- Mayank Chaturvedi:** Pleasure is mine, sir. Thank you.
- Moderator:** Thank you. The next question comes from Pritesh Chheda from Lucky. Please go ahead.
- Pritesh Chheda:** Two-three things, I missed your volume number for FY '25 and I missed the CRGO backward integration. So, do we do right now make any CRGO or this is all incremental that you're talking about?
- Jitendra Mamtora:** See, this is a process house. It just processes the CRGO.
- Pritesh Chheda:** Yes, I know.
- Jitendra Mamtora:** It is just the processing.
- Pritesh Chheda:** So the lamination...
- Jitendra Mamtora:** Yes, Pritesh, tell me.
- Pritesh Chheda:** Go ahead, sir. So, I'm just saying, were you making your laminations earlier or this is first time you will make it?
- Jitendra Mamtora:** See, we have taken over a company which was into this business. So, we have taken 51% stake in it. So, we don't have to look for the technology partner or anything. The person is already there, he's working on that, and we are adding on two more lines for manufacture of CRGO of different configuration, and also the CRGO for the reactor coils. The reactor coils, there are only two people who are doing it now. So, we'll be the third party to be doing it.
- Pritesh Chheda:** Okay. So basically the volume that this company was doing and will do what is that number?
- Jitendra Mamtora:** See, they were not doing much because they had a lot of financial issues and all that and they had some conflict of interest with Posco who were their partners. So now they are not there, but Posco has assured us a particular supply so that we are not short of material when the time comes.
- Pritesh Chheda:** So when you said 100% backward integration between next year your whole volumes will be -- the laminations will be all that's how it will be?
- Jitendra Mamtora:** Yes. CRGO will be almost 100% ours almost I say because sometimes the larger rating are many and then limited capacity of the larger machine. So we may have to buy from outside or we may get it done on job work.
- Pritesh Chheda:** And the volume number?

**Jitendra Mamtora:** 80% will come from our own company.

**Pritesh Chheda:** Sir, I asked the volume number for FY25. What was your transformer volume number?

**Chanchal Rajora:** Pritesh, if you exactly wanted to understand what - how many numbers we are producing, we have lots of different, different kind of...

**Pritesh Chheda:** No, I asked the - sir, I am asking the MVA. You gave out the MVA number?

**Chanchal Rajora:** 28,882 MVA.

**Pritesh Chheda:** Okay, perfect. Thank you very much.

**Chanchal Rajora:** Sagar?

**Moderator:** Yes, sir.

**Chanchal Rajora:** Sagar, I request you to please take one question at one time, please.

**Moderator:** Sure. The next question comes from Rucheeta Kadge from Iwealth. Please go ahead.

**Rucheeta Kadge:** Hello, sir. Very good evening. Most of my questions are answered. Just one question on the capex side, as you're saying that we'll do around - in the next 15 months around INR550 crores of capex. So how much would that be in FY '26?

**Chanchal Rajora:** FY '26 should be close to around INR400 crores.

**Rucheeta Kadge:** INR400 crores. Okay and that would mainly be spent on the backward integration part?

**Chanchal Rajora:** Backward integration as well as in organic growth.

**Rucheeta Kadge:** Okay, so how much for the backward integration and how much for the organic growth?

**Chanchal Rajora:** Rucheeta, as of now we don't have the perfect numbers, but just say it will be 40% should be on organic growth and 60% should be on the backward integration side.

**Rucheeta Kadge:** Okay, and just so just to confirm, next year.

**Moderator:** Sorry to interrupt Ms. Rucheeta. May we request you to return to the question queue for follow-up questions?

**Rucheeta Kadge:** Sure.

**Moderator:** Your next question comes from Kaushal Sharma from Equinox Capital Ventures Private Limited. Please go ahead.

**Kaushal Sharma:** Hi, sir. Very good evening. Am I audible?

**Chanchal Rajora:** Yes, please.

- Kaushal Sharma:** Yes, so my question is on the industry side. Like I've heard that there is great opportunity in the US side because there is some disruption on their great side. So and we have recently faced some reciprocal tariff in our industry. So are we expecting a good momentum in the export market as far as the US is concerned and what kind of tariff impact in our industry would impact our margin in future?
- Satyen Mamtora:** So we are - we would be doing around 10% of our total turnover next year in exports.
- Kaushal Sharma:** So do we have any impact on this reciprocal tariff on our margin?
- Satyen Mamtora:** No, there is no reciprocal tariff. Our products are exempted from tariffs.
- Kaushal Sharma:** Okay, sir. Thank you.
- Moderator:** Thank you. Your next question comes from Gunjan Kabra from Niveshaay. Please go ahead.
- Gunjan Kabra:** Hi, Jitendraji. Congratulations on a very good set of numbers. So, one question is that orders that got delivered this quarter, you mentioned that were of high margin. So which segment was that in terms of type of transformers?
- Chanchal Rajora:** Extra high voltage transformers.
- Gunjan Kabra:** So our order book is also in the high voltage transformer majority of the order book. So why can't the margin sustain in spite of we being the most backward integrated player in the industry then?
- Chanchal Rajora:** Gunjan, look we have the product mix with us and the customer mix. So it's not, it's not there that with every customer we have that much of the margin. So on an average basis, so the margins will remain somewhere around 16% to 17% bracket as we told you.
- Gunjan Kabra:** Okay. And sir in the beginning of the year, we had 17,000 crores of order pipeline and now it is around 22,000 crores. So how much of the 17,000 has been converted in terms of orders in the industry itself and right now how much would be from the high kV side and how much would be from the IDT side, any idea on that?
- Chanchal Rajora:** Gunjan, basically, if you see that out of 17,000 what the inquiry lines we have, we already got around INR4,500 crores of the orders. So that is there. And apart from that, we still have 22%, INR22 crores. If you see that sorry INR22,000 crores. If you see the success ratio, you can see we are already reaching to the next year requirement.
- Gunjan Kabra:** So the 17,000 has already been...
- Chanchal Rajora:** Particularly all these inquiries are basically around 17%, sorry 70% is on the EHV transformer side and 30% is from the different product mix side.
- Gunjan Kabra:** Okay. Perfect.
- Chanchal Rajora:** Thank you.

- Gunjan Kabra:** Okay. I'll get back in the queue. Thank you so much.
- Moderator:** Thank you. Your next question comes from Vishal Singh from Finvestors. Please go ahead.
- Vishal Singh:** Thanks for the opportunity, sir. And thank you again for - congratulating you for surprising us again with superlative blockbuster numbers. So my questions are mainly answered, but one thing which was left behind was that we are doing a capex of 550 crores in the next 15 months. So what is the process of fundraise, is it through QIP or something?
- Chanchal Rajora:** No, as of now, not.
- Satyen Mamtora:** We've already raised the funds through our last QIP, so we wouldn't be needing any more funds.
- Vishal Singh:** Thank you very much for that. And sir can you give us the breakup of the export in – in countries like 10% which we are doing, though you have decreased it from 15% to 10%, is really nice as per the current situation?
- Satyen Mamtora:** So we would be exporting to almost all developed countries of the world.
- Vishal Singh:** Understood. But can we just know, you must be knowing that we are directly talking about US, what sort of numbers from the US?
- Satyen Mamtora:** Sorry, I didn't get your question.
- Vishal Singh:** What sort of percentage we are expecting to export to US?
- Satyen Mamtora:** We will see. As time goes by, we will see how much we are exporting to the US and how much we are exporting to other countries of the world.
- Vishal Singh:** I am not sure as of now.
- Chanchal Rajora:** Vishal, US is not that focus for us. Our focus is that where there is the more revenues coming up.
- Vishal Singh:** Understood. Thank you very much, sir and good luck.
- Moderator:** Thank you. Your next question comes from Aaryan Saluja from Derby Asset. Please go ahead.
- Aaryan Saluja:** You mentioned your philosophy about not focusing on margin to open doors, but as on the last con call we have discussed about the CRGO scarcity and backward integration. Where do you see that playing out in terms of margins in the future as we have already attained 19% without them playing out yet?
- Satyen Mamtora:** Sorry, I didn't understand your question clearly. What is it?
- Aaryan Saluja:** You have told us that your focus is not on margin improvement?
- Chanchal Rajora:** Aaryan, our focus what my - our intent is that our focus is not to increase the margins by increasing the prices. Our focus is to increase the margins by increasing the operational

efficiencies. And coming back to the question what you have asked is that we have achieved a standalone margin of 16% and 17% level, which is the sustainable margin for the industry and for us.

So, we don't want to increase the pricing to open the door for others that is what is meaning. Second point is that on the backward integration size, what we are looking up that the margins what we will be getting from that, that will be the additional margin will be adding up in our revenues and margins.

- Aaryan Saluja:** Okay. Thanks.
- Moderator:** Thank you. Your next question comes from Siddhant Gupta from RV Investments. Please go ahead.
- Siddhant Gupta:** So, congratulations on a good set of numbers. So, all my questions have been answered. So, I will just ask one question. So, can you comment on the bottom line?
- Chanchal Rajora:** My bottom line is 10% dear.
- Siddhant Gupta:** And going forward, will it remain same or like any changes we can expect?
- Satyen Mamtora:** It will remain the same.
- Siddhant Gupta:** Okay, sir. That's it. Thank you.
- Moderator:** Thank you. Your next question comes from Shivam Dave from Prodigy Investments. Please go ahead.
- Shivam Dave:** Yes, I just wanted some clarity on the balance sheet. There is a sharp increase in your non-current trade receivables. What does that account for?
- Chanchal Rajora:** Shivam, basically in our receivables, there are the two kinds of the receivables. The one is the receivable which are the due for the payment and second is the receivables which is basically retention money lies with the utilities, which comes basically after the project is completed. So, these non-current receivables are the receivables which are not due for the payments.
- Shivam Dave:** So, that is INR336 crores, right?
- Chanchal Rajora:** Yes, sir. That is INR336 crores. So which will be realized in next 6 months to 12 month's time.
- Shivam Dave:** Okay. So, that is very helpful.
- Chanchal Rajora:** As soon as the projects will come. And also there is a part of that into the - in that the receivables which are basically related to the March sales. So, then those are not due because once the product will reach there, then these will be due for that payment. So, it is for the better understanding for the investors.

- Shivam Dave:** Okay. And another just a follow up if I can ask the 15,000 MVA capex that we have, when would that come online?
- Chanchal Rajora:** The first phase will start from the May 25 in 2 months' time.
- Shivam Dave:** So, that should first phase should include how much?
- Chanchal Rajora:** The first phase should include around half of the volume and by as progress by Q2, the entire will be available for the commercial production.
- Shivam Dave:** Okay. That is it from my side. Thank you.
- Moderator:** Thank you. The next follow up question comes from Samarth Khandelwal from ICICI Securities. Please go ahead.
- Samarth Khandelwal:** Sir, we did a technical tie up for manufacturing bushing this quarter. Could you elaborate on that and how much of the raw material cost and sir percentage of raw material cost, the bushing cost and how much will be the benefit?
- Chanchal Rajora:** Samarth, these technology tie ups are related to the backward integration components, mainly for the bushing and the insulation products. These are basically, they may not be coming under the AB category of the raw materials, but they are very critical components for the transformers and their lead times are quite high to mitigate that lead time and to mitigate the availability of the product immediately, these backward integrations are being done.
- Samarth Khandelwal:** Okay. Thank you.
- Moderator:** Sure. The next question comes from Prerak Gandhi from Neumerc Research Lab. Please go ahead.
- Prerak Gandhi:** Hello, sir, and congratulations on a stellar set of numbers. So, hello, am I audible?
- Chanchal Rajora:** Yes, sir.
- Prerak Gandhi:** Yes. So, sir, with respect to the 22,000 MVA that capex which we intend to plan to incur, so where do we see the finance coming from that, how do we - how are we going to finance capex?
- Chanchal Rajora:** From the internal accruals and the QIP proceeds what we have with us.
- Prerak Gandhi:** Okay. And sir with respect to the CRGO backward integration, how much margin improvement do we see once the CRGO is completely backward integrated?
- Chanchal Rajora:** Sir, it won't increase much of the margins. We may end up having 0.25% on the product basis, but it is going to improve my operational efficiency and quality, which will give me the extra leverage on my production capacity.
- Prerak Gandhi:** Okay. And sir, just one more question, if I may. Sir, are there any bottlenecks with respect to the power and transmission industry because we are seeing a lot of slow government capex as well.



So, the transmission distribution industry entirely depends on the government capex. So, are we seeing any slowdown, are there any major bottlenecks which we are facing, considering that we also have a major chunk of power in distribution transformers?

**Satyen Mamtora:** No, there is no slowdown in terms of government spending in the power sector at all, power and energy sector at all.

**Prerak Gandhi:** Okay. Thank you and all the best.

**Satyen Mamtora:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Dhirendra Tiwari for closing remarks.

**Dhirendra Tiwari:** Thank you very much and I would like to thank the management of Transformer Rectifier to give us the opportunity to host the call. Before I end, may I invite Satyen ji for his closing remarks, please.

**Satyen Mamtora:** I would like to sincerely thank each of you for taking your time and joining us today in our rings call. We hope that we have addressed all your queries and we look forward to many more meaningful interactions with you in the future. Thank you.

**Dhirendra Tiwari:** Thank you very much and we can close the call now.

**Chanchal Rajora:** Thank you. Thanks, Sagar and thanks, Tiwari ji.

**Dhirendra Tiwari:** Thank you, Chanchal ji. Thank you. Thanks a lot and all the best for future and now we can close the call. Have a good evening. Thank you.

**Moderator:** Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.