



9th February, 2026

To Sr. General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001 Scrip Code: 544317	To Sr. General Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai - 400 051 Scrip Symbol: TRANSRAILL
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Sub: Transcript of Earnings Call post approval of the Un-audited Financial Results for quarter and nine months ended 31st December, 2025

Ref: Regulation 30 read with Schedule III of SEBI LODR

Dear Sir / Madam,

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Call held on Tuesday, 3rd February, 2026, post approval of Un-audited Financial Results for quarter and nine months ended 31st December, 2025.

You are requested to take the aforementioned on your records.

For Transrail Lighting Limited

Monica Gandhi
Company Secretary and Compliance Officer

Encl: As above

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“Transrail Lighting Limited Q3 and 9 Months FY '26 Earnings Conference Call”

February 03, 2026

E&OE. This transcript is edited for factual and Grammatical errors. In case of discrepancy, the audio recordings uploaded on the stock exchange and company website on November 12, 2025, will prevail.



MANAGEMENT: **MR. RANDEEP NARANG – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – TRANSRAIL LIGHTING LIMITED**
MR. DEEPAK KHANDELWAL – CHIEF FINANCIAL OFFICER – TRANSRAIL LIGHTING LIMITED

MODERATOR: **MR. ANUJ SHAH – PHILLIPCAPITAL PRIVATE CLIENT GROUP**

Moderator: Ladies and gentlemen, good day and welcome to the Transrail Lighting Q3 and 9 Months FY '26 Earnings Conference Call hosted by PhillipCapital Private Client Group.

I now hand the conference over to Mr. Anuj Shah from PhillipCapital Private Client Group. Thank you, and over to you.

Anuj Shah: Good afternoon, everyone. On behalf of PhillipCapital Private Client Group, I welcome you all to the Q3 & 9 Months FY '26 Earnings Conference Call of Transrail Lighting Limited.

Today, from the management, we have Mr. Randeep Narang, Managing Director and Chief Executive Officer of the company, Mr. Deepak Khandelwal, who is the Chief Financial Officer of the company.

I would now like to hand over the call to Mr. Randeep Narang for his opening remarks. Over to you, sir.

Randeep Narang: Thank you very much, and good afternoon, and welcome to everybody on the call to our Q3 and 9 Months '26 Earnings Call of Transrail Lighting. It is a pleasure to have you all on board.

I am pleased to share that the 3rd Quarter and 9-Month period has been very encouraging and good for us in terms of both execution and profitability. It clearly demonstrates the momentum we have built over the course of the year. Our performance reflects the strength of our core transmission and distribution business, disciplined execution across projects and continued focus on profitability and cash flow management.

Starting with the quarterly performance:

The Q3 revenue from operations has grown by 32% year-on-year to Rs. 1,796 crores. EBITDA margins stood at 12.7%, resulting in a 27% year-on-year increase in absolute EBITDA of Rs. 228 crores.

Our operating PBT stood at Rs. 169 crores, which is a 34% increase. And our operating PAT grew by 36% to Rs. 127 crores. Operating PAT margins for the quarter are 7%, reflecting stable operating performance, cost discipline and a healthy project mix.

More importantly, for the 9-month period, we delivered strong and broad-based growth for 9 months. Revenue from operations increased by an impressive 49% to Rs. 5,000+ crores, Rs. 5,017 crores to be precise.

EBITDA margins for the period stood at 12.2% and absolute EBITDA grew by 40% year-on-year to Rs. 614 crores.

Operating PBT grew by 52% to Rs. 441 crores. Operating PAT registered a significant 62% year-on-year growth in absolute terms of Rs. 324 crores, while the margins improved to 6.4%.

This performance reflects the scaling of our operation, disciplined execution, effective cost management, tighter cash flow control and balanced mix of domestic and international business.

During this period, we have taken one-time exceptional item for statutory expenses related to new Labor Codes of Rs. 17 crores.

Alongside strong profitability, we continue to strengthen our balance sheet. As of December 31st, our net debt stood at Rs. 463 crores, with debt-equity ratio on just 0.39x, reflecting prudent capital allocation, controlling working costs deployed.

Our interest cost as a percentage of revenue improved to 3.3% for the 9 months from 4.1% 9 months last year. This improvement is supported by our improvement in credit rating upgrade, reflecting low leverage, improving cash flows and disciplined balance sheet management. YTD, we have achieved Rs. 5,017 crores and continue to showcase our primary focus on T&D, which is around 90%, followed by civil, railways and pole business.

Cash equivalent stood at Rs. 380 crores for 9 months, increase of Rs. 293 crores over H1, supported by improved cash flows. Strengthening of cash flows remains a key priority as we scale up our business.

Turning to the order inflows:

During Q3, we secured orders of Rs. 1,396 crores, taking cumulative order inflows to Rs. 5,135 crores for 9-month period '26. In addition to this, our L1 position stands at Rs. 3,483 crores, which we expect to convert in the near term. These inflows are in well diversified geography and largely driven by transmission and distribution segment reaffirms our strength in our core business. During this period, we entered new geographies, including GCC region for EPC works, further strengthening our overseas footprint.

Overall, order inflows during 9-month period is 55% from domestic and 45% from international as per our annual operating plan. As of December 31st, our unexecuted order book stood at Rs. 14,733 crores, and including L1 our effective order book stands at Rs. 18,216 crores. These provide us a strong revenue visibility and a long runway for growth in the coming quarters.

The geographic mix remains healthy, with 57% domestic and 43% international, while our core T&D business continues to remain at 90%. Beyond the size of the order book, what is more important is the quality of the order book, which is profitable and in line with our current performance.

During Q3, we successfully commissioned three lines in 765 kV double-circuit Khetri - Narela transmission line project, playing a key role as a EPC partner in this project for national importance. The commissioning of the high-capacity line is a significant milestone in

strengthening the grid reliability in North India, and supporting renewable energy integration, and enhancing long-distance bulk power transfer capability, therefore improving power availability in Delhi, NCR, Rajasthan and adjoining areas. Our project teams demonstrated exceptional commitment in executing the project across challenging terrain, adverse weather conditions, a feat which is well appreciated by our client.

In addition, during the quarter, we completed 765 kV double-circuit Ahmedabad - Lakadia line and overhead electrification projects of RVNL, which were well-executed with highly operational discipline and safety compliance.

On CAPEX front, production has partly commenced in the expanded brownfield projects and is ramping up to support the ongoing execution. The balance expansion initiatives include the greenfield facility and is progressing well and will be inaugurated shortly in this quarter. Our phase-wise CAPEX remains in track and effectively doubling our capacity over towers and conductors and will significantly strengthen our manufacturing backbone to support our project and the growth in future.

As part of our transformation journey, we have initiated upgradation of our ERP systems from SAP HANA to SAP RISE as a strategic transformation initiative, aiming at deepening cost discipline, strengthening compliance across factories and project sites, and enabling real-time data-driven decision-making. This reinforces our progressive digitization-led approach, which builds scale and future readiness of our operating platform.

Now, I hand over to Mr. Deepak Khandelwal – our CFO, for the Financial Overview.

Deepak Khandelwal: Thank you, sir. Good afternoon everyone.

I will now take you through our Financial Performance for the 3rd Quarter and 9 Months ended Financial Year '25-'26.

For Q3, FY '26, revenue from operations stood at Rs. 1,796 crores, registering a year-on-year growth of 32%. For the nine-month period, it stood at Rs. 5,017 crores, representing a year-on-year growth of 49%.

EBITDA for the Q3 FY '26 was Rs. 228 crores, up 27% year-on-year while EBITDA for nine-month FY '26 stood at Rs. 614 crores, reflecting a 40% growth. EBITDA margin stood at 12.7% for Q3 FY '26 and 12.2% for nine-month FY '26, supported by stable project execution and cost discipline.

Operating profit before tax (PBT), for Q3 FY '26 was Rs. 169 crores, which was up by 34% Y-o-Y, while Operating profit after tax (PAT) for the quarter increased by 18% year-on-year to Rs. 110 crores.

For nine-month Financial Year '26, operating PBT improved by 52% year-on-year to Rs. 441 crores and Operating PAT increased by 62% year-on-year to Rs. 324 crores. This performance was driven by steady execution, margin discipline and effective cost control.

From the balance sheet perspective, our working capital days improved to 83 days compared to 84 days in H1, FY '26 and 91 days in FY '25, reflecting better working capital management.

Our net debt reduced to Rs. 463 crores from Rs. 703 crores in H1, Financial Year '26 and our debt-to-EBITDA ratio stood at 0.57x, highlighting strengthening balance sheet parameters.

Return on capital employed (ROCE), has remained consistently above 24% over the past 3 years and stood at 25.25% for nine-month FY '26, reflecting efficient capital utilization.

With this, I would now hand the call back to Mr. Narang, after which we will open the floor for questions.

Randeep Narang:

Thank you, Deepak. So, just to summarize, looking ahead, the outlook of transmission and distribution sector, both India and international markets remained structurally strong, driven by sustained urbanization, acceleration of industry activity, large-scale renewable energy integration and rising power demand. These tailwinds are further reinforced by continued investments in grid modernization, cross-border connectivity and broader energy transition across multiple geographies.

We continue to see healthy momentum in the industry tendering activity, both domestically and overseas. Our addressable market visibility within the next 12 months is more than Rs. 1 lakh crores, which provides strong opportunity setup for our disciplined growth. This optimism is evident across both our domestic and international markets, particularly domestic.

Our focus remains on securing high-quality, margin-assertive projects that align well with our execution strengths. And we continue to follow the quality bidding approach, which is selective yet giving us enough opportunities to improve the bidding pipeline, prioritizing on the right margins, the right clients and geographies, rather than pursuing growth at any cost, which is a key area of focus for us.

This disciplined strategy has consistently supported profitability and remains central to our long-term growth approach. We believe that disciplined approach supported by structurally strong and growth-oriented industry outlook positions Transrail very well to deliver sustained profitability and continued long-term value for our stakeholders.

Now, I would request the moderator to open the floor for questions, which I and Mr. Deepak Khandelwal, our CFO, will answer.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pritesh from Lucky Investments. Please go ahead.

Pritesh: So, based on the execution that you have so far and the order backlog, what kind of order inflow now that you see for this year and next year? Order inflow or order inflow growth, whatever you are comfortable in sharing. And what kind of execution growth do you see this year and next year?

Randeep Narang: So, I think that is a good question, the core question. As we mentioned, the order intake with Rs. 5,100 odd crores plus the L1 of Rs. 3,483 crores, we will cross the last year's boundaries to Rs. 9,500 crores - Rs. 10,000 crores. We also have already bid for around another Rs. 15,000 odd crores of jobs, which we are assuming the results will come in the next two months. So, we are quite confident that our order intake plan will be as per the AOP we planned and the guidance we have given.

On the revenue front, we had improved our guidance from 24%-25% to 26%-27%. And we have seen good execution momentum post monsoons because if you remember, the monsoons were pretty heavy in India this year. So, we are hopeful to maintain the 27% plus guidance and we are stretching to see if we can do more.

Pritesh: This is for '26.

Randeep Narang: Yes, this is for this year. Next year again, I said, 12 months we have a good Rs. 1 lakh crores of, tendering opportunity, which we will look at a 10% to 12%, maybe even 13%, 14% order intake. And our growth, as we had already planned, we are looking at 20%-25% growth going forward in the next couple of years. Our order book today with L1 is book-to-bill 2.5x, which gives us a clear trajectory of growth.

Pritesh: Do you wish to give out a ballpark revenue figure for FY '26?

Randeep Narang: I did mention that, that 27% over last year. And maybe we stretch and do more, but we are trying our best.

Moderator: The next question is from the line of Jainam Doshi from Kriis PMS. Please go ahead.

Jainam Doshi: So, how much has been the contract assets, including the retention money at the end of this quarter? And how much have we net realized that compared to the last quarter?

Deepak Khandelwal: So, contract asset has been Rs. 2,643 crores this nine-month ending 31st of December, 2025, which was as on 31st March, Rs. 2,522 crores approximately.

Jainam Doshi: So, we have seen, like, increase in the cash and cash equivalents due to the realizations of these contract assets. Am I right in understanding?

Deepak Khandelwal: Yes. It is both on part of execution and internal accruals as well as working capital management.

Randeep Narang: And better inventory management also.

Jainam Doshi: And on the Bangladesh project execution, like how much have we executed this quarter? And by end of this year, how much would Bangladesh order comprise of our total order book? And also on the receivables side?...

Randeep Narang: So, we are right now planning to finish this job by June, July next year. By end of this year, we would have approximately Rs. 600 crores to Rs. 700 crores left for next year. We are on track. In fact, we are doing better than what we had planned in terms of execution. So, we are in the right zone. We did execute around Rs. 300 crores to Rs. 400 crores this quarter. So, overall, we are sustaining the delivery commitment to the client and we will finish this job by 6 months of the next financial year.

Jainam Doshi: And on the receivables from Bangladesh project, how much are they currently?

Randeep Narang: Receivables, basically, we are getting money on time, actually before time because this is a project of national importance. And the receivables overall would be in the range of Rs. 488 crores.

Jainam Doshi: From Bangladesh project, right?

Randeep Narang: Yes, only Bangladesh, which is not too much looking at the size of the project.

Moderator: The next question is from the line of Mahima Gidwani from PhillipCapital. Please go ahead.

Mahima Gidwani: So, I have four questions. First, while revenue growth has remained healthy, we have seen a sharp moderation in order inflows on a quarter-on-quarter basis down by nearly 30%. Could you help us understand whether this reflects a broader slowdown in tendering activity across T&D sector? Or is this specific to our company?

Randeep Narang: Ma'am, contrary to the understanding, in the same period versus last year, we have grown our order intake for the nine-month period. And if you see that we have grown by around 9% to 10% over last year same time. So, our internal order intake has not reduced. The L1 position also is much better than last year. So, the order pipeline going forward, as we said, Rs. 9,500 crores, Rs. 10,000 will happen. In fact, we are hoping that we can better than also. Because we already bid for around another Rs. 15,000 crores of orders. So, therefore, the first question is that we are good to go as per our guidelines and promise.

Mahima Gidwani: Second is, under a recent union budget, the Power Grid's CAPEX outlay for FY '27 has increased by around 32% to Rs. 37,000 crores. So, how should we think about the potential impact of this on our order inflows over the next few quarters?

Randeep Narang: So, ma'am, what I know of, their CAPEX for this year against Rs. 28,000 crores, they are talking about Rs. 32,000 crores. They are our key clients. We are doing 20 plus jobs with them. And if their CAPEX is increasing, it is part of our potential opportunity. And we look forward to working with them and increasing our market share. So, that is a very positive development for us. And we look forward to more contracts and bids coming from them.

Mahima Gidwani: That would be it from my side.

Moderator: The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Sir, could you please share the order book mix in terms of domestic, Africa, Asia, excluding India, and GCC, and Americas and Europe? Generally, we are given the breakup of domestic and exports only. But if you got a detailed breakup, that would be really helpful.

Randeep Narang: So, India is around Rs. 8,000 plus crores. I will give you general guidelines, not specific. Africa would be approximately Rs. 4,000 odd crores. SAARC, which includes Bangladesh, of course, would be around Rs. 1,200 crores. And, of course, we have just entered MENA. So, that will be in the range of Rs. 750 crores to Rs. 800 crores. So, it is well diversified, and it is in line with the way we want to grow in a diversified geographical manner.

Balasubramanian: Sir, what is our debt level currently? I think we plan to increase nearly Rs. 200 crores to Rs. 300 crores, especially for CAPEX. I just want to understand what is the current debt levels and how it will be shaping up by end of this FY '26? And whether it is a debt, it will increase gradually till FY '27? So, I just really want to understand.

Deepak Khandelwal: So, as you can observe, the long-term borrowing remains around Rs. 90 crores odd and short-term borrowing remains around Rs. 750 crores. And as we are going to incur the CAPEX, some part of the borrowings will increase. But it is not going to be very substantial because the CAPEX was funded by internal accruals and money received from the IPO as well.

Randeep Narang: So, we had mentioned in the last call also that we are doing it in a staggered manner and from a level of 600, it reached 722 and now 750. And it will be marginally increased, but it is well covered in terms of the way we are managing it.

Balasubramanian: Sir, our working capital days nearly 83 days as of nine months FY '26. If we exclude IPO funds and unpaid dividends, like what is the normalized working capital days? And I think we have Rs. 18,200 crores order book. And what kind of specific initiatives we are taking in terms of milestone billing terms are in place to prevent further working capital stretch, especially in international projects?

Randeep Narang: So, I think our working capital days are one of the best what we have seen from 91 coming down to 83, and our clear focus is on net working capital days. The whole organization is focused on cash and controls. So, therefore, we are in a good zone today. Going forward as we build our order book, obviously, the retention money will increase, but we have to look at how we manage our cash. So, our working capital today what we are utilizing is in line with our growth projections. And if you see our growth projections, they are tempered, and they are planned in a manner that the working capital from internal accruals will support this process.

Moderator: The next question is from the line of Naman Parmar from Niveshaay Investment. Please go ahead.

Naman Parmar: So, firstly, I wanted to understand on the Rs. 1 lakh crores opportunity that you are telling here. It also includes the HVDC projects that we will be bidding for.

Randeep Narang: Yes. So, we are already doing an HVDC project for Power Grid. And we have already done HVDC projects. So, we are looking at around Rs. 59,000 crores or Rs. 60,000 odd crores from domestic and Rs. 40,000 odd crores from international. So, this includes that. We already are doing an 800 kV HVDC Nagpur project. So, this is included. Now this is not what we do for, this is for transmission in particular. So, therefore, we are in the right zone. This Rs. 1 lakh crores, 60% will be domestic and 40% will be international.

Naman Parmar: And in the current order book only, how much would be the HVDC orders?

Randeep Narang: We have one order right now and we are in the bidding pipeline for more as they come and as they are announced.

Naman Parmar: And secondly on the execution on the export or international side. So, it has been a very slow down in the international execution. So, what would be the reason for that?

Randeep Narang: Well, I don't tend to agree, because our revenue from execution in international is stable. It is, in fact, there is a growth of 30% over last year for the 9-month period. So, we are good in terms of international execution. Of course, there could be a delay in one or two projects. But overall, we are good in terms of the execution progress. And of course, monsoon hampered some delays in July-August internationally also.

Naman Parmar: Because if we see the segmental data, so I think in the Quarter 3 of FY '25, you have done around Rs. 800 crores of execution in the international business. In the current quarter, you have done the Rs. 723 crores. So, that is why seeing a degrowth. That is why asking what was your reason?

Randeep Narang: No. If you see the 9 months, we are growing over last year in terms of overall growth. If you have to see the overall growth of how we have grown in international. And we are actually in a zone where we have improved by 30%. Last year was around Rs. 1,700 crores. This year we have already done Rs. 2,500 crores.

Naman Parmar: And lastly on any orders that you are expecting to enter into the BESS-related project in the future?

Randeep Narang: Well, we are evaluating the BESS business. We are still not ready to start bidding. But it is something which definitely with the opportunity in India and the projections in the budget, we will look at this opportunity.

Moderator: The next question is from the line of Shubhankar Gupta from Equitree Capital. Please go ahead.

Shubhankar Gupta: Sir, firstly congratulations on a great set of numbers once again. Thank you for sticking to your word and always delivering well. So, my first question is around, so we as analysts basically look at a metric called CFO-to-EBITDA, which acts as a metric to how much cash the company

is converting on an EBITDA level, right? You can take it pre-tax. So, on that specific metric, our company Transrail is not as high as one or two of our peers. So, I just wanted to get a sense from your end as to is there a metric which we should see from the P&L which we can convert to the cash flow from operations and gauge if the company has improved or not. So, can you guide something on that bit?

Randeep Narang: So, I will request Deepak to answer this question for 9 months last year versus this year.

Deepak Khandelwal: So, if we consider the last year 9 month, our cash generated from operation pre-tax was around Rs. 300 crores and which has increased to Rs. 440 crores this 9 month.

Shubhankar Gupta: Can you repeat? Sorry. Deepak, can you just repeat?

Deepak Khandelwal: So, our last year nine-month cash flow from operations, the direct tax was Rs. 300 crores, which has increased to Rs. 440 crores this nine-month. So, there is a substantial increment in the cash flow from operations.

Shubhankar Gupta: No, sir, actually that is fair. That is fair. The question is more centered around the metric of CFO-to-EBITDA, right? And when you look at that, our company typically ranges the range of CFO-to-EBITDA conversion is around 30%-35%, which is a tad bit lower than our peers. So, what I am trying to get a sense on is, is there a number which we can pick from the P&L which we can benchmark to the cash flow?

Deepak Khandelwal: If you see, my profit before tax for this 9 month has been Rs. 430 crores and whereas my cash flow from generation is more than Rs. 440 crores. So, it is not 25% to 30%. It is substantially higher than that. And previously also in the 9 month profit before tax was Rs. 300 crores and my cash flow from generation was Rs. 305 crores to be very precise. So, I think these are the figures which are there.

Shubhankar Gupta: I will just probably take a quick check on this one. And if there is some concern, I will probably mail it to you. The second question is, sir, around the provisions made towards Labor Code changes. So, I wanted to just get a sense on how have these Labor Code changes have they led to a change in our earlier estimates for EBITDA and PAT margins? And how do you see, look at them or factor those in going forward?

Randeep Narang: So, this is as per the norms of compliance, we have already done that. Rs. 17 crores have been provided, and we still don't change our EBITDA profile. I think this is something which is part of the change which happens in a normal course of business and we are comfortable to maintain our EBITDA profile of 11.5% to 12%. In fact, 12% is what we are talking about.

Shubhankar Gupta: So, that remains.

Randeep Narang: Yes.

Moderator: The next question is from the line of Khushbu Gandhi from Ambit Capital. Please go ahead.

Khushbu Gandhi: So, I have just one question on the revenue guidance which you have given. I appreciate that you have upgraded the guidance from 23%-25% to 26%-27%. But when I see the 9-month revenue growth itself, so we have done a 9-month revenue growth of 50%. And when we see a 27% growth, so in Q4, you are expecting a degrowth compared to last year's Q4 or we are very much conservative on quoting the numbers?

Randeep Narang: So, actually, it is a mix of both. We are not looking at minimizing our growth, but there is a certain amount of, let's say, we have some ROW issues, some forest issues in projects in domestic and some issues on ROW in international. So, we are giving you a conservative guidance and I said 27% plus. So, we are hopeful that we resolve that and we improve from where we are. But at this stage, I would rather be giving the right guidance and hopefully we are stretching to improve this, which should happen.

Khushbu Gandhi: Because, sir, if I just compare, like, even if you don't do any growth in Q4, still we will be doing a 30% growth. So, is it fair to assume that 29% to 30% is the minimum growth we should expect considering there is no growth in Q4 and generally Q4 is the best quarter?

Randeep Narang: And you have to see this in 9-month period and not only see Q-on-Q. Eventually, the year is more important. I would be looking at stretching and improving the Q4 numbers. But if you see on a 9-month basis, leading to 12 months, we will have a very healthy growth for the year. And that is also equally important.

Moderator: The next question is from the line of Nikhil from Kizuna Wealth. Please go ahead.

Nikhil: So, my first question is on the cash flow itself. Like when I look at your net of from our contract assets and our contract liabilities to the percentage of sales, it is coming out to be 25% to 29% while the peers are in the range of 18% to 20%. So, is there any particular reason for that?

Randeep Narang: So, we are also within the industry norms. There are one or two areas where we are awaiting collections, which are a little delayed. And it will be in the same range as you mentioned. So, it is more about just waiting till March which will normalize.

Nikhil: So, we are expecting the collections to get even better in the Q4.

Randeep Narang: Yes.

Nikhil: And so also on the update on the loan given to our related party Burberry Infra. So, that is due on Q4, and we will receive the whole payment, and the rest in September of 2026. Right, sir?

Deepak Khandelwal: So, there is an agreement with the party, and they will be giving part payment by Q4 and balance payment in the next financial year. So, this is on track, and the party has committed to give the money as per the contract.

Nikhil: That's it from my side.

Moderator: The next question is from the line of Mahek Talati from Agility Advisors. Please go ahead.

Mahek Talati: Sir, I wanted to understand from the raw material point of view. So, there has been a sharp increase in the raw material for especially copper. So, how are we saying is this a prior escalation cost or lower market should be impacted?

Randeep Narang: Actually we don't use copper in our business in terms of what we do. It is more applicable to the cable industry. So, we are actually insulated from this copper increase and therefore it doesn't impact us.

Mahek Talati: But sir, the cable prices will increase, right?

Randeep Narang: Yes, but we are not doing underground cabling in a big way. We have marginal jobs and the orders have already, product has been supplied. So, we are in a good zone.

Mahek Talati: So, no major impact on this.

Randeep Narang: Yes, we don't see any impact of copper.

Mahek Talati: When can we expect our CAPEXes to go live, both brownfield and greenfield?

Randeep Narang: That is a good question. So, 70% of our brownfield (Phase 1) has already started production. And we are hopeful that the complete 100% will happen by Feb end. This is what our forecast is. The new tower factory, we are looking at March, April. So, we are on track, and this will definitely support our growth and diversification, backward integration for next year's business. So, all this will happen by end of this Q4 in this financial year.

Mahek Talati: And sir, post CAPEX commencement. Our dependence on the outside companies for our procurement will decrease, right?

Randeep Narang: Normally, we are doubling our capacity in line with the order book. So, we are not too dependent outside anyway. But with this, the kind of growth we are looking at, this will help us to support the project execution and also give us some leeway for product sales which we want to improve.

Mahek Talati: So, no major impact on that.

Randeep Narang: Yes.

Moderator: The next question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha: So, just a couple of questions. So, this subcontracting expenses, as I will see, there was a sharp increase in Q2 and then they remain elevated in Q3 as well. So, what is the cost for that and when do you expect that to normalize?

Deepak Khandelwal:

Yes, basically, subcontracting expenses, this mix of the material consumption and subcontracting expenses depend upon the project mix which is under execution. So, at which stage it is going to get executed. So, when you compare the figures, you have to see all two things put together, cost of metal consumed and subcontracting expenses as a percentage to the revenue.

So, if you see that in September quarter, these were 69% and this quarter it also remain at 69% and similar quarter for the previous year, it was 66%. So, 3% increase has taken place. That is nothing because of hike in erection and stinging prices.

Randeep Narang:

So, basically, we are looking at higher execution and ramping up of our execution and therefore the subcontractor cost has gone up.

Disha:

So, we will expect this to sustain for Q4?

Randeep Narang:

And then come down eventually to the last year's level because projects are getting completed in the high priority jobs.

Disha:

And as for the bid pipeline, I think you mentioned Rs. 15,000 crores we have currently, right? So, what is any sort of target you have for order inflow for the next year?

Randeep Narang:

This Rs. 15,000 crores I am talking only for this year, finishing March and next year, 12 months we talked about Rs. 1 lakh crores. So, the bid pipeline is strong. Even in this Rs. 15,000 crores, we are looking at at-least getting 10% to 15% orders. Our normal win ratio is 10% to 12% and therefore, we are hopeful that we will maintain and continue and grow this bid pipeline next year also.

Disha:

And in terms of the margins, because of our brownfield and greenfield expansion coming up mostly in FY '27, what sort of improvement in margins do we expect?

Randeep Narang:

Well, this is going to help us execute jobs faster. If you do the EPC job faster, obviously you save on margins. There will not be areas where you can quantify it directly in terms of margin change, but project execution on time will definitely help us to improve the cost outlay and the impact of margins is very difficult to say, ma'am.

Disha:

But yes, timely execution is appreciated. So, I think that will help.

Randeep Narang:

Yes, it will help for sure, but I can't put a number to the improvement, but it will definitely help.

Disha:

So, this 27% guidance, although you mentioned that it seems a bit conservative, but even if like we do 30%-35% that will be, if we suppose to take 27% that means we will be degrowing in Q4 which seems very unlikely.

Randeep Narang:

So, as I mentioned we have some headway needed for clearances and some of the jobs, and if the ROW clearances happen, we will definitely improve on the 27%. So, the whole organization,

the execution organization, the project management team is working to see that we beat this number of 27%.

Disha: That will be it from my side.

Moderator: The next question is from the line of Anshul Jethi from LKP Securities Limited. Please go ahead.

Anshul Jethi: First of all, congratulations on a great set of numbers with delivering more than what you guide. So, sir, most of my questions have been answered. Just wanted more clarity on the, new country, new region we have entered in which is Middle East. So, what will be our margin profile in the Middle East? Will it be on same terms like what we do in Africa? Or will it be less owing to the competition? And do we have an escalation clause here as well?

Randeep Narang: So, principally, as we mentioned, we have a very clear risk matrix. We do not go to geographies and countries where we feel that the overall potential and the margin profile will get eroded over the years. So, we believe that we are focusing internationally only on T&D, and we are hopeful that we will maintain our margin profile in T&D in the new countries we have entered.

Anshul Jethi: So, you have mentioned a bid pipeline of Rs. 1 lakh crores for the next year as well. What would be the closure of Middle East in that bid pipeline?

Randeep Narang: So, as I mentioned to you, it is actually looking at Rs. 40,000 crores to Rs. 50,000 odd crores. Middle East, we are not in Saudi. So, we are in 3-4 countries there. Principally, we are in Abu Dhabi, Oman, Jordan. And we feel that this potential will be Rs. 10,000 crores to Rs. 15,000 crores, which we will try and bid.

Anshul Jethi: That's all, sir.

Moderator: The next question is from the line of Aryan Bhatia from Inved Research. Please go ahead.

Aryan Bhatia: My question is on our civil business. So, in the previous quarter, we acquired an entity which is looking to acquire Gammon civil business. So, I just wanted to know what is the size of that business and are we looking to get more into the civil side? Currently, we are more into the power T&D.

Randeep Narang: We already are doing civil business of bridges, cooling towers and elevated roads. We want to only look at heavy engineering-led jobs and right now, there is no discussion/ update on anything which you just mentioned on the bridges and hydro business.

So, we are doing all the jobs on our own with our own capability and managing this. We are currently running six to seven jobs in civil business in the same lines as the product categories I mentioned. We are not into residential buildings nor we are into roads, and we don't intend to get there.

Aryan Bhatia: And, sir, can you share the bid pipeline for international as well as domestic? And second question is the order intake has been increased by 10% Y-on-Y. So, is there a slowdown in the order bid pipeline?

Randeep Narang: No, actually, we are good. We grew by 9% over last year in the same period of nine months. Our L1 is around Rs. 3,500 crores and Rs. 15,000 crores we already bid. So, we are looking at another Rs. 1,500 crores to Rs. 2,000 crores. So, we will better and beat our last year's order intake and we are in track for that. So, we are very positive on the order intake that we will be reaching the guidance given to the stakeholders.

Aryan Bhatia: So, the bid pipeline if you can repeat and the closing order book we are targeting for this year?

Randeep Narang: So, our current order book with L1 which is un-executed order book is Rs. 18,200 crores, and we are looking at another Rs. 1,500 crores to Rs. 2,000 crores of orders and looking at our execution pipeline, we should be in the range around Rs. 16,000 plus odd crores the way we are looking at to start next year. So, as I said, we are stretching on both the order pipeline and the execution for this quarter.

Aryan Bhatia: That's it from my side.

Moderator: The next question is from the line of Hrishit Jhaveri from CBA Asset Managers LLP. Please go ahead.

Hrishit Jhaveri: Congratulations on a good set of numbers. Sir, I have followed from previous participant's question that I agree our raw material is basically steel, aluminum and zinc. Given the volatility and increase in the steel prices as well, do we have enough inventory or will we have to acquire it at a higher rate?

Hrishit Jhaveri: The steel size volatility, how will it impact our margins?

Randeep Narang: We had steel softening over the last six months. It is now in line with what we had projected. So, it is not going to impact our margin profile for this year and going forward. And when we bid on steel, we look at some contingency and we look at how do we look at marking up the cost based on global trends. So, we are very careful when we look at the projects for EPC.

Hrishit Jhaveri: And sir, my second question is about GIS substation. How are we seeing the demand spanning in the Northeast India for GIS substation?

Randeep Narang: So, substation is a business we are growing. We have already done four to five jobs. The demand in Northeast, you are right, is coming. But it will take six months to fructify in terms of the bid pipeline. The visibility is still not there to the extent we want. But definitely, we will be bidding for these jobs in Northeast.

Moderator: We will take the last question from the line of Nikunj Bhanushali from Kosh Wealth. Please go ahead.

Nikunj Bhanushali: So, I just wanted to ask if you could comment on the overall transmission capacity and the outlay in the domestic, in India basically. Because if you see, the transmission lines added in the last two years is very less, in the current year, in the last year, is very less compared to the entire decade. And so, if you could just comment on what the outlay is and what are the future plans.

Randeep Narang: So, actually, there have been some delays in execution, thanks to ROW and agitation/forest. And that is changing for sure. There is a lot of effort by the government authorities to improve the execution. We are looking at currently from 5 lakh circuit kilometers, we are expecting it to go to 648,000 circuit kilometers in the next three to four years. The energy transition push of 500 Gigawatts of non-fossil capacity also will help for grid expansion and execution.

So, we are very buoyant on the India piece. We feel that the way the infrastructure investment has happened in the current budget will help the transmission industry and the substation industry to grow. So, this really helps in the way we are looking at our growth as in Transrail.

Nikunj Bhanushali: So, when do you expect the push to come in? Because as per the plan, I think by FY '27, what the capacity was to be added in the transmission line, we have only covered 50% of that till now.

Randeep Narang: If you have heard on this call, Power Grid has already changed their estimate to Rs. 32,000 crores on CAPEX. So, the way the TBCB jobs are coming and the expansion is happening, we are quite positive that the bid pipeline and execution will also happen parallelly. So, the India story and infrastructure is really good and what we see is it is going to continue for the next three to five years without a problem.

Nikunj Bhanushali: That's it from my side and all the best for the future.

Randeep Narang: So, I will summarize the call. Thank you very much for all the participants. So, as we mentioned, at Transrail we remain focused on disciplined execution, selective bidding, and expanding our T&D business with a strong and high-quality order book. And we are upgrading our digital systems to SAP RISE. Our robust processes and a capable leadership team and teams at all levels. We are very buoyant that our team, right people, processes, and systems will make us future ready to sustain growth and create stakeholder value. So, I thank you for joining on the call and on a very positive note, we say goodbye.

Moderator: On behalf of PhillipCapital Private Client Group, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

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