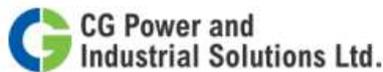


CG Power and Industrial Solutions Limited

Q4FY25 Earnings Conference Call

May 06, 2025



MANAGEMENT: **AMAR KAUL – MANAGING DIRECTOR & CEO**
 SUSHEEL TODI – CHIEF FINANCIAL OFFICER
 MUKUL SRIVASTAVA – PRESIDENT, SWITCHGEARS BUSINESS
 AJAY JAIN – VICE PRESIDENT, TRANSFORMER BUSINESS
 CHIDAMBARAM BALAKRISHNAN – VICE PRESIDENT,
 RAILWAYS BUSINESS
 INDRANEEL DHANESHWAR – VICE PRESIDENT, MOTORS
 BUSINESS
 SRIRAM RANGARAJAN – EVP, HEAD CONSUMER PRODUCTS
 BUSINESS
 MARAI NEL – EVP, DRIVES & AUTOMATION AND
 INTERNATIONAL MOTORS BUSINESS
 GAURAV MAKHIJA – VP (DESIGNATE) – SWITCHGEARS & EPD

MODERATOR: **RENU BAID PUGALIA – SENIOR VICE PRESIDENT, RESEARCH –**
 IIFL CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to the CG Power and Industrial Solutions Q4 and FY '25 Earnings Conference Call. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Renu Baid Pugalia from IIFL Capital. Thank you, and over to you, ma'am.

Renu Baid Pugalia: Thank you. A very good afternoon to everyone. On behalf of IIFL Securities, we'd like to welcome the management team and everybody for the 4Q FY '25 earnings call of CG Power and Industrial Solutions. From the management team, we have with us Mr. Amar Kaul, Managing Director and CEO; Mr. Susheel Todi, Chief Financial Officer; Mr. Marais, EVP, Drives and Automation and International Motors Business, Mr. Mukul Srivastava, President, Switchgears Business; Mr. Ajay Jain, Vice President, Transformer Business; Mr. Chidambaram Balakrishnan, Vice President, Railway Business; Mr. Indraneel Dhaneshwar, Vice President, Motors Business; Mr. Sriram Rangarajan, EVP, Head, Consumer Products Business; and Mr. Gaurav Makhija, VP (Designate), Switchgear and EPD.

Without taking much time, I now hand over the call to Mr. Amar Kaul for his opening comments. Thereafter, we can start with the Q&A. Thank you, and over to you, sir.

Amar Kaul: Thank you. Thanks, Renu, and the team, and good afternoon, everyone, and welcome to CG earnings call today. Starting with the summary of results, we had a solid finish of the year with all-time high quarterly as well as annual stand-alone revenue and PBT. Our quarter 4 sales grew by 23% compared to previous year same quarter. And the orders intake grew by 20% and PBT before OI grew at 20 %, making it the strongest quarterly performance in recent times.

For the full year '25, sales grew by 23% year-over-year and the order intake grew by 35% and PBT before OI grew at 19%. Our order backlog grew to INR9,909 crores, a little short of INR10,000 crores, that's what we are targeting and continues to be on an upward trajectory, offering strong revenue visibility for the upcoming fiscal year.

Now as I go deeper into Q4 2025, we achieved sales of INR2,563 crores with EBITDA of INR407 crores and PBT of INR381 crores. These are the highest quarterly numbers in the recent times. Now if I go deeper into the details of what is behind it is the aggregate sales for the quarter was INR2,563 crores, recording a growth of 23% year-over-year and 7% up versus the previous quarter as well.

The profit before taxes before other income was higher with a growth of 20% at INR313 crores at 12.2% of sales as against INR260 crores of -- which was in the previous year same quarter. Free cash flow generated for the quarter was INR202 crores. Return of capital employed annualized was 37.4%. Order intake for the quarter was INR3,650 crores, which is 20% growth year-over-year. And our order -- unexecuted order backlog as of 31st of March was at INR9,909 crores.

When I go to the full year performance, our aggregate sales for the year was at INR9,329 crores, which is a growth of 23% year-over-year as well. And profit before taxes was at 19% year-over-year at INR1,181 crores, which is 12.7% of sales as against INR996 crores in the previous year. Free cash flow generated for the year was INR727 crores. Return on capital employed was 32.8% and order intake was at INR13,526 crores, which is 35% growth year-over-year. And the unexecuted order backlog as of 31st of March was at INR9,909 crores.

If I double-click on the overall performance by segment, the first segment, which is Industrial. Our quarter performance sales was at INR1,572 crores, recording a growth of 24%. PBIT was at INR176 crores versus INR175 crores in the previous year same quarter. And the gap that you see is due to primarily due to the commodity prices, increase in the share of railway business that is increasing at much faster pace and also the strategic investment into the consumer durable business.

The order intake for the quarter was at INR1,893 crores, which is 2% growth with a strong order inflow in the motors business, primarily in the last quarter and the unexecuted backlog of -- as of 31st of March was INR3,290 crores. Full year performance for the Industrial segment. Our aggregate sales for the year was INR5,823 crores, growing at 16% year-over-year and PBIT was at INR707 crores, which is 12.1% of sales.

And again, the same reason, the gap that you see in the profitability for industrial is primarily due to the commodity price increase, some of it which could not be passed on to the market as well as increase in the share of railway business and the investment of consumer business. Order intake for the full year was INR6,891 crores, which is 20% growth and unexecuted order backlog as of end of March was INR3,290 crores, which is 29% growth.

If I go to the other segment, which is our Power segment, the quarterly performance sales was at INR993 crores, a growth of 21%. PBIT was INR208 crores, which is 21% of sales as against INR152 crores, which was 18.5% in the segment. And these margins were high primarily because of better price realisation on the execution and also the operating leverage. And the order intake for Q4 was at INR1,757 crores, which is 48% growth and the unexecuted backlog was INR6,619 crores.

For the full year performance, the sales was INR3,510 crores, a growth of 35% year-over-year. And PBIT was at the growth of 61% year-over-year at INR668 crores, which is 19% of the sales as against 16% in the previous year for the same portion. Margins were higher year-over-year on account of better price realisation, as I said, and also the operating leverage. Order intake for the full year was INR6,635 crores, which is 54% growth year-over-year and the unexecuted order backlog as of March ending was INR6,619 crores.

Now we go into the consolidated financial results, which includes the performance of the operating subsidiaries at Sweden, Germany, Netherlands, which is Drives and Automation, CG Adhesive Products Limited and CG Semi Private Limited, G.G. Tronics, Axiro Semiconductor Private Limited and other non-operating subsidiaries.

So the Q4 performance for the -- all the subsidiaries put together, the sales was INR2,753 crores, which is a 26% growth. PBT was at INR384 crores, which is at 13.9% of the sales versus 14 % in the previous year. A little bit of margin impact you see is due to investment into CG Semi and Axiro Semiconductor businesses, which was the impact of about INR15 crores.

Free cash flow generated for the quarter was INR80 crores. It was also driven by INR125 crores of capex done in the subsidiary, which is CG Semi. Return on capital employed for quarter 4 was at 37.1% and order intake for the quarter was INR3,824 crores, which is 22% growth and unexecuted backlog at the end of March was INR10,631 crores.

Full year performance for consolidated is -- the sales was at INR9,909 crores, a growth of 23% year-over-year. PBT of 13.6% of sales versus 14.1%. As I said, the margin impact is due to investments into CG Semi and Axiro Semiconductor impact of about INR22 crores. And the free cash flow generated for the year was INR548 crores, and it was also driven by INR173 crores capex done in the subsidiary, which is CG Semi.

Return on capital employed for the year was 32.5%. Order intake for the full year was INR14,684 crores, which is 40% growth year-over-year and the unexecuted order backlog as of 31st of March was INR10,631 crores, which is 66% higher year-over-year.

Some of the key events during the year we had is pursuant to the shareholders' agreement, share purchase agreement and share subscription agreement. We entered into agreement with G.G. Tronics and the existing shareholder of GGT, CG acquired a controlling stake in GGT with effect from 20th August 2024. That's the acquisition date through the combined purchase of equity shares and the compulsory convertible preference shares for a total sum of INR319.38 crores, resulting in GGT becoming a subsidiary of CG.

Second, G.G. Tronics, a subsidiary of the company received a prestigious order towards the locomotive train collision avoidance system, which is called TCAS. Also in India, we call it KAVACH in the range of INR500 crores to INR600 crores. And the scope includes the supply, installation, testing and commissioning of onboard KAVACH equipment, including annual maintenance contract for 11 years..

Also the India Semiconductor Mission (ISM) under the Ministry of Electronics and Information Technology, Government of India and CG Semi Private Limited, company incorporated for setting up the OSAT facility entered into the fiscal support agreement to avail the grant of subsidy/fiscal support towards the capex of up to INR3,501 crores.

The Board of Directors also approved a greenfield expansion of 45,000 MVA for power transformer capacity with an investment of about INR712 crores (net of taxes), which we already declared. This will increase our overall capacity to 85,000 MVA by financial year 2027-2028. And this expansion is considering expected demand in the transformer industry, both in domestic, also cater to the exports market.

And CG also secured an order for supply and servicing of railway products towards the manufacturer of Vande Bharat train sets by entering into a long-term supply agreement with

Kinet Railway Solutions Limited for supply and servicing of the railway products, introducing propulsion kits and motors, transformers and other items. And as part of this agreement, this purchase value is between INR400 crores to INR450 crores for the supply of railway products, and this will be applicable for the first order of 10 Vande Bharat train sets. And apart from this purchase order, a separate 35-year service contract will also become as part of this agreement.

The company has declared an interim dividend of INR199 crores, which is INR1.3 per share on 18th of March 2025. The last one I have on this is that CG entered into a definitive agreement with Renesas Electronics America and other affiliate entities of Renesas Electronics Corporation for acquisition of radio frequency components business through one or more of the subsidiaries of CG.

And CG has obtained the approval from Committee on Foreign Investment in the United States and other necessary regulations and the statutory approvals for acquisition. Subsequently, after year-end, upon payment of consideration, CG has obtained control over the radio frequency components business from Renesas Electronics America, and the affiliate entities of Renesas Electronics Corporation.

And the audited financial statements with detailed notes are available as part of the stock exchange filing and in the company website, www.cgglobal.com. Thank you for listening, and over to you, Renu, for Q&A.

Renu Baid Pugalia: We can open the session for Q&A.

Moderator: The first question is from the line of Harshit Patel from Equirus Securities.

Harshit Patel: So my first question is on capex. Just wanted to check the status of our capex projects for power as well as distribution transformers. Have we finalized the land for the new 45,000 MVA capacity? Also, we were expanding this power transformer capacity at Bhopal location as well from 17,000 to 40,000 MVA. So is this expansion complete? Similarly, the status of the distribution transformer capacity expansion at Gwalior?

Amar Kaul: Super. Thanks for the question. And yes, I will answer the first one. And second, I can divert to Ajay to talk more details. The land for the new plant for 45,000 MVA, that land is almost allocated to us. It will be in Bhopal only. Some formalities are being done. So hopefully, in the next couple of weeks, we should be done with that and start the construction. And regarding our capacity expansion in existing and distribution transformer, Ajay just give a high-level indication on that.

Ajay Jain: Yes. So regarding the capacity expansion, so it is in advanced stage now if we talk about the distribution transformers in Gwalior. So some parts will become operational within the next 2 weeks and the whole expansion in -- for distribution transformers will be over by end of June. And for the power transformers expansion in Bhopal from 17,000 to 40,000 MVA, winding shop is already operational, and the ovens will be getting operational within the next 2 weeks, and the whole plant will be operational by middle of June.

Harshit Patel: Understood. Sir, just a follow-up to that. We were also planning to commission additional HT motors capacity at Bhopal only by the end of FY '25. So any status update on that?

Amar Kaul: Yes. So I can pass it on to Indraneel to talk about HT capacity in Bhopal.

Indraneel Dhaneshwar: Yes, we are on track as per the plan, and that's exactly also resulting into, as Amar said, some of the results what we talked about. We are exactly as per plan.

Harshit Patel: Sure. Sir, my second question is on our railways business. We have garnered a very prestigious order from Kinet as well for the propulsion systems. Now at the beginning of FY '25, we had guided for close to 40% revenue growth for our railways business in FY '25. So have we achieved this kind of growth? And given a very strong order book, what would be our plans for the next couple of years?

Would we be able to maintain this kind of very high growth momentum or because of the high base, the momentum could taper off a little bit. So if you could give us some broad idea about the prospects of the railways business for the next 2 to 3 years, that will be very helpful.

Amar Kaul: Yes. I think good question, and you are seeing the momentum of that. Although we don't give specific guidance on specific businesses what we grow. But yes, railway has grown in high double-digits already. And with these prestigious orders, which the team is right now busy for the R&D and also the execution excellence team, they are working on that.

So if you tell me what is the plan for next 2, 3 years is that we are playing between the domestic market, which is very, very important because we stay committed to Indian Railways. And also, we are exploring the export piece of it, which the team -- Chidambaram and team, who is leading this business, they are actually busy building on the R&D capability for that.

So we still stay bullish on the railways business.

Moderator: The next question is from the line of Ankur from HDFC Life.

Ankur: I had 3 questions. First, on the Industrial segment margins and one of the things you mentioned is because of higher RM prices, there's been some decline there. So if you could just help us, have you taken price hikes? Or are we planning some price hikes within the motor business to kind of offset that increase in RM?

Amar Kaul: Yes. So fair point, as you know, that for motor business, one of the raw material is copper, and that has been not behaving very nicely. So if you look at the indices, it's gone up substantially. So some bit of it, yes, there's a disciplined way of balancing what can we pass on to the customer. Unfortunately, commodities is on the rising trend. So should we start -- continue with the question that was asked?

Moderator: Yes, sir, we have Mr. Ankur on line.

Renu Baid Pugalia: Yes, you can continue.

Amar Kaul: Okay. Super. So I was talking about motor business. As you know, the commodity copper is one of the key input for the motor manufacturing. Unfortunately, that has not been behaving well. There's inflation on that. On the other side, if you see IIP index for the last 4 quarters has been going down. If my numbers are right, from 6.3%, it has gone down to 3.8%. And then also the IEEMA data shows that last 2 quarters have been declining.

In fact, last 3 quarters have been declining in terms of offtake of the motors. So in spite of that, we have been able to balance the 2. When I say balance the 2 means what? One, is that we have been able to gain the market share by getting the right orders. We have been able to pass on some bit of it, whatever inflation has happened due to the commodity, but not everything out of that. So it's a balanced game between the volumes and the margins.

Ankur: Right. Okay. And since you also touched on demand, if you could just help us how are you seeing demand trends on the motor side as well?

Amar Kaul: Demand trend domestically is -- if you go by the book, apple-to-apple comparison, it's not so great. But the reason if you see in last quarter, our order bookings for motor has gone up. In fact, consecutively last 2 quarters, motor orders have been going up. It's a combination of a couple of initiatives that we have, and I talked about that in the last quarter as well. One is our go-to-market strategy on key account management domestically in India as well as for our exports.

So both of our leaders, Indraneel and Marais, they are working together to make sure we have the right product, which practically every quarter, we are launching 2 to 3 new products as well as the channel setup across a couple of countries where we see the potential. So everything is happening in tandem, and that's what is showing us increase in the volumes in terms of orders, not really fully on the revenue right now.

Ankur: Fair. And just a last question on the consumer business. You did mention that you are making investments to kind of scale that business up. If you could just talk about how big is it right now? What are the kind of targets you have in mind? How is that kind of shaping up?

Amar Kaul: Today, see, as I said, we don't give the specific number of each of these businesses. But yes, even for the last year, it has grown pretty high double digits. We have put the aspiration, and I'll hand over to Sriram who runs this as well to talk about top 3 things at high level, what we are doing to really scale up this business to different levels.

Rangarajan R. Sriram: Yes. Thank you. I think it's a great opportunity to share what is actually happening in the consumer front. So the first is this is -- this year, actually, we are starting -- laying a foundation for this business from building an organization structure, building the capabilities within from - - starting from a sales team to the back-end operations to handling the right set of vendors.

So I think this year is actually going to be more of laying a foundation for a strong sustainable growth for the future because we see this business having had a break of close to 5 years. So we have to restart the entire engine by building a brand, building a strong go-to-market and then building a strong back-end structure.

In the last 6 months, we have been partly successful in getting the organization in place and building a back end in place, we also managed to get a lot of good vendors on Board. So this year, we're also planning to enter into the second category. So the 2 focus category as of now for us is pump and fans.

But you must have seen in a couple of months ago, we have launched air coolers. We are also planning to get into water heaters in a much more aggressive fashion. So you get to see building the -- through innovation. These are the stuff which is actually planning to come up in the future. So we see this business not from a current perspective.

But looking at a long term next to 5 years perspective, we wanted to become at least the top 5 players in the electrical consumer durable sector. That's what we are aiming for.

Moderator: The next question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: My question is on the -- sir, you won a significant order from Kinet. The press release mentioned propulsion kit. What do you mean by the kit? Does it include only motors and transformers? Or does it also include converters? And is it fair to assume that this INR4 billion and INR4.5 billion order will get consumed in FY '26 and the new orders from the same customer can follow through?

Amar Kaul: Yes. I think as I said, this is for 10 trainsets of Vande Bharat. And this is the beginning of it, depending on successful execution of this, the way we'll begin, so more will follow. And to double-click on what does propulsion system mean, I'll hand over to Chidambaram, who runs this business. Chidambaram, over to you.

C Balakrishnan: Yes. We signed a long-term agreement, which has 8 years of supply, which is as per the MCMA given to TMH from Indian Railway. MCMA is maintenance cum service agreement. And there is 35 years of service that they have signed with Indian Railway, we got that back to back. So all these orders we will be getting on an annual basis.

First 8 train sets will be supplied in the first year for which we got the order for INR400 crores. And subsequently, the next order will come with its own PVC. So it will keep coming for 8 years, which will be supply contract. As Amar Ji said, we will be doing the systems engineering. So everything from pantograph to the motors will remain part of our kit.

Mohit Kumar: Understood. My second question is, sir, how does the central government subsidizes for the semiconductor project, is it based on the milestones on which the government release the money? Will the money be -- will come in tranches or come at the end of the project? And what is the capex plan for Semi in FY '26?

Amar Kaul: Yes. So I'll pass on to Susheel, who's our CFO, to answer that.

Susheel Todi: So in respect of your first question about how the money is coming from the government, it's based on the Pari-passu. Hope you understand the meaning of Pari-passu, right? It's not about that we invest the money coming in from the government. It's all about Pari-passu. In case of the

capex investment for CG Semi, we are thinking probably that the commissions of this project will happen in the next couple of years, the entire commissioning of this project.

Moderator: The next question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair: Sir, my first question is on the Power Systems segment. We've seen a very strong performance in FY '25, both in terms of revenues and margins being at a record high at 21% in the fourth quarter. As we are booking new orders, what is the kind of margin profile that we see sustainable over a period of time? And within this also, if you can talk about the BTW acquisition, what is the status of that acquisition?

Amar Kaul: Yes. So on the power sector, I think we see the growth momentum continued. And so I keep talking about, I don't see this demand going down at least for the next 4 to 5 years, not only in India, but globally as well. And that is a very, very conservative estimate that I'm talking about. So when the demand is more than the supply, then obviously, you will have better margins reflecting on that.

So that's the answer to your first question, Bhoomika. And the second one on the BTW, I think that's still under discussion with BTW because there is some end date is end of May or something before they can close the deal. So those transactional things are going on.

Bhoomika Nair: Okay. On the IS segment, you spoke about the market being weak and we are gaining market share. Would it be possible to call out market share numbers for LT and HT Motors separately? And we were working on several initiatives, particularly for HT to kind of scale up the market share out there. What is the progress? How are we looking at further market share gains, if you can talk about that?

And perhaps if I can just squeeze in one question on the semiconductor -- we've seen a loss in the fourth quarter. What is that related to given I think Renesas should start reflecting from the first quarter onwards. So what should be the loss number that we should look at? And is this something which is sustainable? If you can just give some color on that, please?

Amar Kaul: So for the first question on -- a little bit on the market share -- Indraneel, if you can answer that, and then I'll take the semiconductor one.

Indraneel Dhaneshwar: So basically, if you look at the market or the IEEMA numbers, the market has degrown by around 4% and wherein we have significantly grown to the tune of 12% and which is taking us to overall domestic market share higher double-digit number. So that's on the LIM side. Obviously, as you would see, this quarter, we have launched new series also to take advantage of increased capacity, and we will expand our footprint not only in domestic but also target the export market.

Bhoomika Nair: And any number, sir, for LT, HT, our market share number?

Indraneel Dhaneshwar: I'm not sure whether we can have the specifics. Amar any guidance?

- Amar Kaul:** Yes. So I think we don't give specific to that, but generally on the -- and low tension motors, typically, you know that we are the market leaders there. So...
- Indraneel Dhaneshwar:** So if you look at -- in that sense, we have grown over last year's market share by around 200 basis points. And particularly, the good part is higher energy efficiency motors, we have improved by around annualized basis 450 basis points. So that's the overall for the LT side. Even the -- if we talk about quarter-on-quarter, that's around 200 basis point improvement.
- Bhoomika Nair:** Okay. Great, great.
- Amar Kaul:** Thanks, Indraneel. And on the semiconductor piece, I don't know, Bhoomika, which -- your question was towards Axiro or was it towards CG Semi.
- Bhoomika Nair:** Sir, I mean, in the consolidated numbers, we see a loss of INR14 crores for the quarter and INR22 crores for the year. So just wanted to get a sense on what is that? And from Renesas numbers, as we understand, will start coming in from 1Q, would that understanding be correct?
- Amar Kaul:** So yes. So that is basically -- you see both the businesses are new. These are more strategic investments. So OSAT piece, which is CG Semi, that will be -- obviously, it is running right now. And I think the earliest because there are 2 plants which are under manufacturing, one is the mini plant and the main plant. If my memory goes well with me, the mini plant should be operational by next financial year.
- And thereafter, subsequently, the main plant will come up. So it will be at least a year or so until we see the production out of that because it's being set up right now. Axiro, yes, we just completed the acquisition. The team is in place. We inaugurated the office and the lab in Bangalore. So that team is getting up to speed. So hopefully, from next quarter or something, we'll see a bit of numbers on that.
- But again, that's more into design kind of activity. So that we'll see.
- Moderator:** The next question is from the line of Rajesh Kothari from AlfAccurate Advisors.
- Rajesh Kothari:** My question is on this new OSAT project. Recently, what we've been reading in the press that the 2 projects, which are the semiconductor side, it has been kind of under review or there might be cancellation or they are reviewing whether to go ahead or not. So the change in technology is probably impacting the decision-making on the semiconductor side.
- How do you see this to have any impact on your business? And what are your views on the changing technology? And how do you plan to coup on that?
- Amar Kaul:** See, from our point of view, I mean, news will keep floating, but we don't see anything of that sort. We are aggressively going about this. And you would have seen even in my pitch, I talked about the agreement we signed with ISM, which is India Semiconductor Mission, the Ministry. So they have agreed.

In fact, out of all the companies, probably we are one of the first ones to reach that stage. The construction is in full swing. Our people are getting trained. In fact, the first batch just passed out after 3 months training in Malaysia. So everything is going at full swing. So we are not distracted at all with any news.

Rajesh Kothari: Okay. And say, next 3 to 5 years' perspective, the total kind of a requirement and as per the mission, what are the requirements and the kind of capacities which are coming up. Can you give a little bit broad color on that -- that how do you see the overall competitive positioning on this, the number of projects which are coming up? And from your perspective, how the industry should -- one should look at it? And what kind of ROCE ultimately the company can make on this?

Amar Kaul: So I think -- I mean, your question is a little more broad. I can talk for 3 hours on the subject. So at high level, what I would say is right now is the investment phase. Also Renesas being our partner, there's an offtake, I think, something close to 40% or 50%. Whatever we manufacture here will be taken back by them. That takes care of it in the beginning itself. And second is also our sales team, business development is already getting in place.

We are hiring for that, even though manufacturing is more than a year ahead, but they already started reaching out to different OEMs to make sure that we are getting those inroads right in the beginning rather than waiting once we start manufacturing. So -- so right now, I would say it's a completely in progress or in process phase.

Moderator: The next question is from the line of Amit Mahawar from UBS.

Amit Mahawar: Amar, is it possible for us to give details on fiscal '25 orders on export versus domestic? And if we can break it into industrial and power for greater clarity? That's all.

Amar Kaul: Amit, unfortunately, we don't give so much of split to everybody. We generally talk about high-level segments. Overall, how much is the split between domestic and export? Yes, that is possible. Then by segment, industrial and power, that's also possible.

Amit Mahawar: Yes, overall export order intake for '25 would be great.

Amar Kaul: Do we have overall split of this?

Susheel Todi: So your question is from what point of view?

Amit Mahawar: Order intake breakup between domestic and exports.

Susheel Todi: Order intake, it's very negligible numbers in the overall numbers. It's nothing.

Amar Kaul: For the exports.

Susheel Todi: For the exports side.

Amit Mahawar: Okay. Sure. And my second question is more on the profitability of industrial. Now we have a large piece which is non-rail. I understand fiscal '25, we would have had like 30%, 40% plus growth in railway revenues, which was due to execution of old orders, which also impacted the margins.

Even if I remove that, you are gaining share in higher nodes, which is like I3 also. So if you can throw some light on the profitability of motors because if your growth is also happening in I3, I4 moving towards that, why is profitability not coming back in the motors, racks of railways on the industrial part?

Amar Kaul: No. If you see the profitability of motor, again, the point is, if you look at last 2 quarters, it has actually started. There was a big impact about a year back. Q1, Q2 was actually it was going down and down. And then from Q3 onwards, we picked up. In fact, towards end of Q2, July, August, September, we started making improvements, not only in the go-to-market, but also in the operations piece, and that's what has started showing up the results.

So yes, -- as I said last quarter also, we will go back to the margins where we were at. But yes, it's step-by-step journey. So same thing I was talking about is it's a combination, the split, yes. So motors will have some impact and a bit of motors as well. So yes, so any other question on that or?

Amit Mahawar: Got it, Amar. Can I squeeze in a third quick one, if you allow?

Amar Kaul: Okay.

Amit Mahawar: Yes. See in the light of recent trade tariff negotiations, do you want to review and revisit your export guidance of 20% that was set out? That's it.

Amar Kaul: So, it doesn't change anything because primarily those tariff issues that you have is on Americas and our exports to the US is very negligible right now. Having said that, yes, the appetite is there. We are refining our 3 to 4 years' plan, but it doesn't stop anything. So nothing changes on the export strategy.

Moderator: The next question is from the line of Anupam Goswami from SUD Life.

Anupam Goswami: Sir, my question is on the semicon segment that we have taken out separately. How do we see going forward, what sort of expenses will we book on this segment? And when should we expect revenue coming?

Susheel Todi: So that as Mr. Amar said in the beginning that these are 2 piece of this. One is that Axiro -- which we recently did a complete the acquisition side. So we start booking the revenue from this quarter 1 onwards. So we don't see any expenses coming on account of that piece. The OSAT piece, most of the expenses we usually kept because it's a project, only more about functional and admin cost would be coming on every quarter basis.

- Anupam Goswami:** Okay. And sir, next question is on the motor side. Now you mentioned about muted IIP data and IEEMA data as well. How do we see it going forward? Do we see a little flattish growth on this side? Or have we increased our capacity as well as capability to gain a higher market share and grow more than the market in there?
- Amar Kaul:** See, the market, we obviously will not comment on that. Market is what market is. Important is how are we contributing to that. And that's exactly we stay consistent what we have performed in the last 2 quarters. So we'll continue our journey, which is getting market share gain, and that's what our focus is.
- Anupam Goswami:** Sir, should we expect the same kind of growth that we have seen this year or the last 2 quarters?
- Amar Kaul:** We are not -- see, specific to a particular business that I will not say. I mean we have the projections for the year, and that's what we are working on to grow. So having said that, whether market grows or not, we'll still have -- the strategy we are working on will definitely give us incremental growth, a combination of domestic as well as exports.
- Moderator:** The next question is from the line of Ashwani Sharma from Emkay Global Financial Services Limited.
- Ashwani Sharma:** Sir, just a bookkeeping question. So in your initial remarks, you mentioned about some impact due to new investments, somewhere in the range of INR15 crores, INR20 crores. Can you confirm that number again, sir?
- Susheel Todi:** This is -- if you go to the segmental results, it is reflecting separately, that is semiconductor loss, which is coming around INR15 crores.
- Ashwani Sharma:** That's all. Nothing else, right?
- Susheel Todi:** Yes. That is for the quarter 4. For a full year basis, the number is INR22 crores.
- Moderator:** The next question is from the line of Vasant Bansai from NBC Investment.
- Vasant Bansai:** Mr. Amar, you said that you cannot give guidance about the individual segment. But can you throw some light how do you see your business growing in next 3 years, top line as well as the bottom line?
- Amar Kaul:** Yes. So as I said, yes, individual is not there. But yes, each of the business verticals that we have within these 2 segments, we are already done with the annual operating plan, which means we are clear for this year which area, which segments, which will drive the growth not only on the top line, but also on the profitability. So that's a combination of a couple of levers that you have. One is on the -- what will you pass on to the market and that we call top line margin expansion.
- And so we are very disciplined, getting very disciplined on that, number one. Number two is also operational excellence piece of it. How do we ensure that operationally, we are able to eliminate as much waste in the system as possible because customers don't pay for that, and

that's how you become more and more efficient. So these strategies will continue to grow as we are progressing.

Vasant Bansai: So can you give any number?

Amar Kaul: For top line -- number for you, you mean the growth or what are you talking about?

Vasant Bansai: Yes. Growth on -- top line growth.

Amar Kaul: Some specific number, I won't be able to give, but yes, it's high double digit.

Vasant Bansai: Okay. Now the second question is, when I compare your segment results for this quarter vis-a-vis the previous quarter, and I see that in the previous quarter for Industrial segment, margin was 13.5% and for this quarter, it is 11.2%. So there is a drop of 1.3%. So how do you see this margin trajectory going forward?

Amar Kaul: This can only go up from there. If you see, yes, versus previous year, same quarter, it has gone down, and we have put the reasons also there. One is that commodity inflation, 100% of which was not able to pass on to the customer. And so yes, there is a material labor overhead productivity. That's what we are working on and also opening up the door for new areas or the segments where we have not been present. So that is where the team is busy right now to work on.

Vasant Bansai: Yes. But it includes railway business, which you see growing at around 35%, 40% and which is not very high-margin business because I heard in your previous con call that you are sort of doing a help to the nation by not charging them on a higher side. So the margin on your railway business will be of moderate nature. So in view of that, will you be able to maintain 11%, 12%, 13% kind of margin on your industrial business segment?

Amar Kaul: Absolutely, Vasant. That's what I said in the beginning. So it's a combination play of different businesses within the industrial vertical. And when I'm talking about what the strategic thing that I talked about, which is getting executed, it is not only in one business motors. It is for motors, it is for Consumer Products division, it is for railways.

So all the leaders are in sync with whatever strategy is. So because our size of business has become reasonably big. So when the company is INR10,000 crores plus, so obviously, the processes and systems take over. And that's what we are driving. So we are pretty confident of hitting those numbers.

Moderator: The next question is from the line of Abhinav from ICICI Securities.

Abhinav: My first question is on the order inflows. So for the railways, can you comment -- quantify what was the order inflow for FY '25? And also any comment on the outlook? Secondly, for the motors, you mentioned that you have strong order inflow for the quarter. Can you quantify the number for the quarter and the fiscal and also bifurcate in terms of high tension and low tension separately?

- Amar Kaul:** Thanks, Abhinav. But unfortunately, we cannot share so many details by specific each of the businesses. Yes, we generally stay with the segment.
- Abhinav:** Any comment on the outlook for railways?
- Amar Kaul:** Future is bright. No, on a serious note, yes, as I said, and there was a previous question on the margin as well, railways. So the strategy, as I said, is we are serious and committed for Indian Railways. But yes, a lot of focus. The team is busy on R&D for the exports market. And we are getting there very, very aggressively. Since you talked about railways, so we are probably one of the first companies who got certified by American Association for Railroads.
- Our -- to talk about some of the items are right now in American locomotives under testing, 3 months have passed. I'm sharing a little more detail than I should be just to make you comfortable. So that is till now, absolutely no issues on that. So that will flow through some of the orders that will come after this testing is completed.
- Abhinav:** The second question is, what will be the rationale behind acquiring Baoding? And what does the...
- Amar Kaul:** Acquiring what?
- Abhinav:** Baoding, the Chinese company, transformer.
- Amar Kaul:** BTW, you mean?
- Abhinav:** Sorry?
- Amar Kaul:** BTW.
- Abhinav:** Yes, yes, yes. So what will that bring to the table?
- Amar Kaul:** Yes. So I think that is still not materialized because as I said to the earlier question, by end of May, we'll get to know whether that is happening or not happening because there are some regulatory issues, et cetera, getting decided. So by chance, if it is coming, so we will have very quickly almost 12,000 to 15,000 MVA capacity added and we can restart the manufacturing. So that adds to overall capacity immediately. So that would be the advantage, and then it can always be scaled up.
- Moderator:** The next question is from the line of Bhoomika Nair from DAM Capital.
- Bhoomika Nair:** Just wanted one clarification on this Mini and the Max CG Semicon plant. Can you split it in terms of what is the kind of capacity or capex or some color on what do you mean by Mini and when it's getting commissioned in the next year, what percentage of capex will be done or capacity, et cetera, to just get some understanding?

- Amar Kaul:** Yes, Bhoomika, I think that's a little longer answer. So you'll have to meet us separately to go through it. So yes, because it's not a straightforward simple question to both questions.
- Bhoomika Nair:** Sure, sure.
- Amar Kaul:** The only thing I would say is the good news is because this is the time of Board meeting. So we had the Board meeting for Axiro. We had Board meeting for CG Semi, the CEO of the business made the presentation. Both the projects are on track, which is a good news.
- Bhoomika Nair:** Understood. And just lastly, in terms of given that most of our capacities are now coming on stream or largely commissioned, what is the kind of capex that we'll see on our core business of Power Systems and IS?
- Amar Kaul:** Can you rephrase your question in Power Systems specific to what?
- Bhoomika Nair:** No, I was just asking what will be our annual capex for FY '26 on our core CG business?
- Susheel Todi:** So that -- it remains in the same range, Bhoomika, around INR300 crores plus.
- Moderator:** Sorry to interrupt you, Bhoomika ma'am. But I would request you to rejoin the question queue. The next question is from the line of Alok Ranjan from Millennium Partners.
- Alok Ranjan:** Sir, just one clarification on this Renesas Radio Frequency component business, which we have acquired. The annual revenue, you mentioned in one of the recent investor presentation is that \$56 million in CY '23. What is the revenue number for this business in CY '24? And what kind of run rate we can expect from this business in FY '26 for our company? And what could be the margin for this business?
- Susheel Todi:** Susheel here. I think for this year, we expect a similar kind of a revenue. And margins, we are really not talking too much as of this point of time because this is just a transitioning phase. So the complete AOP and everything to be presented by the CEO who is running this business by next Board meeting.
- Alok Ranjan:** And this will be clubbed with the semiconductor segment, sir, in terms of the revenue and the EBIT margins?
- Susheel Todi:** Yes.
- Alok Ranjan:** Design part?
- Susheel Todi:** Yes.
- Alok Ranjan:** Okay, got it.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to Ms. Renu Baid Pugalia from IIFL Capital for closing comments.

Renu Baid Pugalia: On behalf of IIFL, I would like to thank the management for giving us the opportunity to host this call. Sir, any closing comments from your side?

Amar Kaul: No. Thank you. Thank you so much for coming over and listening to us patiently and always a pleasure to answer the questions. Talk to you very soon. Thank you.

Renu Baid Pugalia: Thank you.

Moderator: On behalf of CG Power and Industrial Solutions, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.