



Power & Instrumentation (Guj.) Limited

AN ISO 9001 : 2008 COMPANY

CIN : L32201G1983PLC006456

Date:20.08.2024

To, THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED, Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai-400051 Scrip Symbol: PIGL	To, BSE Ltd. Floor 25, P. J. Towers Dalal Street, Mumbai - 400 001 Scrip Code: 543912
---	---

Dear sir/Madam,

Sub: Transcript of the Earnings Conference Call for the First Quarter of Financial Year ended on 31st March, 2025

In furtherance to our Intimation of Earnings Conference Call dated August 10, 2024 and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Transcript of the Earnings Conference Call held in connection with the Un-Audited Financial Results (Standalone and Consolidated) of the Company for the First Quarter of Financial Year ended on 31st March, 2025 held on Friday, August 16, 2024, is enclosed and is also available on the website of the Company and can be accessed on the following link:

<https://power-instrumentation.grouppower.org/shareholders-investors/investor/>

We request you to take the same on record.

Thanking you,

Yours truly,

For, **Power and Instrumentation (Gujarat) Limited**

Padmaraj Padmnabhan Pillai
Managing Director
DIN:00647590



Registered Office : B-1104, Sankalp Iconic Tower, Opp. Vikaramnagar, Iscon Temple Cross Road, S.G. Highway, Ahmedabad-380058.
T. : +91-79-40051222 / 40031612 / E-mail : admin@grouppower.org Url : www.grouppower.org

AHMEDABAD ♦ MUMBAI ♦ DELHI ♦ PUNE ♦ GOA ♦ INDORE ♦ KOCHI ♦ RAIPUR



Power & Instrumentation (Guj.) Ltd.
AN ISO 9001 : 2015 COMPANY

Power & Instrumentation (Gujarat) Limited

Q1 FY '25 Earnings Conference Call

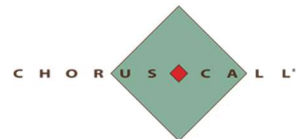
August 16, 2024



Power & Instrumentation (Guj.) Ltd.
AN ISO 9001 : 2015 COMPANY



Kirin Advisors



**MANAGEMENT: MR. PADMARAJ PILLAI – MANAGING DIRECTOR --
POWER & INSTRUMENTATION (GUJARAT) LIMITED
MR. ROHIT MAHESHWARI – CHIEF FINANCIAL
OFFICER -- POWER & INSTRUMENTATION (GUJARAT)
LIMITED**

MODERATOR: MR. GANESH – KIRIN ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Power & Instrumentation (Gujarat) Limited Q1 FY '25 Conference Call hosted by Kirin Advisors. 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. Please note that this conference has been recorded.

I now hand the conference over to Mr. Ganesh from Kirin Advisors. Thank you and over to you, sir.

Ganesh: Thank you and good afternoon. On behalf of Kirin Advisors, I welcome you all to the conference call of Power & Instrumentation, (Gujarat) Limited. From the management team, we have Mr. Padmaraj Pillai, Managing Director, Mr. Rohit Maheshwari, Chief Financial Officer. Now I hand over the call to Mr. Padmaraj Pillai. Over to you, sir. Thank you.

Padmaraj Pillai: Good afternoon to all who have joined in. I firstly welcome you. We really thank you from the bottom of our hearts for joining us for our quarterly conference call. This call has been arranged to update everyone about our performances and what we look at the future of our company as such. Since our inception in 1975, Power & Instrumentation Ltd. has built up a reputation as a very leading player in the electrical contracting and equipment supply industry.

We have always been committed to deliver top-notch engineering procurement and construction solutions, encompassing a wide area of services, starting from supply of the equipment to the maintenance of the various electrical systems. Our service portfolio is comprehensive, covering the entire electrical requirement from generation to distribution. Through a journey of the last 48 years, we have built a very strong industrial presence with our diverse services and expanded our client base, which spans a wide spectrum of semi-government and PSU entities, central and state government organizations, telecom companies, leisure companies, hospitals, and various other industries and companies.

We have established a very strong Pan-India presence and delivered exceptional results, particularly in the state of Rajasthan. Recently, we have expanded our operations into Himachal and resumed activities in Jharkhand, while continuing our significant work in Assam. This strategic regional expansion not only enhances our operational footprint, but also positions us to better serve our diverse clients across various sectors.

In the first quarter of FY25, we made significant strides, and we are particularly excited about our recent contract with Ahmedabad International Airport Limited, which is held by the Adani Group, for development of a substation at the Sardar Vallabhbhai Patel International Airport, Ahmedabad. The project is valued at INR21 crores, and this project really, really underscores our strong role in the industry and is scheduled for completion within four months, starting from May 2024.

The current order book of the company is approximately about INR400 crores, and with a strategic focus on completing this project within a span of two to three years. We are very optimistic about securing high-backed orders in the future with the potential value of E-order to range from about INR300 to INR350 crores. We have also strategically acquired a controlling stake Peter Electrical Company Limited, and this is to move forward and expand our foothold in the electrical market.

By increasing our shareholding from 15.23% to up to 60%, we aim to leverage PCEL expertise in manufacturing of electrical panels, compact substations, and bus cutting systems to further enhance our capability. We are also very pleased to announce that our company has recently secured a significant contract under the Mukhya Mantri Ujjwal Jharkhand Yojana, amounting to INR28.41 crores.

These contracts involve the electrification of un-electrified and partially electrified habitation and households in the site-dwelling district of Jharkhand. This achievement further solidifies our commitment to supporting the government's vision of enhancing rural electrification and improving the quality of life for the people in this region. This not only centers our position in the power infrastructure sector, but also reflects our dedication to contributing to the socioeconomic development of the areas that we serve.

As we are all aware, India's position is the third largest producer and consumer of electricity globally, with an installed power capacity of 442.85 gigawatts as on April 30, 2024. It presents an immense opportunity. We are focusing on bolstering our project execution capabilities to improve our output and position ourselves advantageously for the larger contracts.

Looking ahead, our primary focus will be on optimizing the project execution, which will enhance our performances and enable us to bid for even larger and more valuable projects. Our expansion efforts are also geared towards establishing a stronger presence in the new and existing market. Now let's delve into some financial performance highlights of the quarter 1.

Our total income was INR26 crores, reflecting a year-on-year growth of 18.37%. Our EBITDA stood at INR3.65 crores, representing a year-on-year growth of 35.42%, with an EBITDA margin of 14.04%, up by 177 basis points year-on-year. The profit after tax was INR1.87 crores, marking a year-on-year growth of 86.19%, with a PAT margin of 7.18%, which is an increase of 2.56 basis points year-on-year, and lands us with an EPS of 3.7. I thank you all for being here on this call. I am looking forward to discussing our progress in more detail.

With this, I would like 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 is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi:

Congratulations, sir. I just want to understand what is typical a bid size that we are doing now. In the future considering that our order books have improved and our positions have improved and now your working capital needs also will be partially or fully addressed with this fund raise.



So what is the kind of per order average that we are looking at in the future that we are bidding from tomorrow or next months or next quarter?

Padmaraj Pillai: We are looking at bidding anywhere between the range of 30 plus crores to about 150 crores of single project that we are looking at right now.

Dhruvesh Sanghvi: Okay. And in the past, I mean versus the past, is there a material difference to this size that we were only at 10-15 crores and now we are targeting 100 crores? Is it something like that or no?

Padmaraj Pillai: Pardon me?

Dhruvesh Sanghvi: What has been the change in the size of the orders that we will be doing in the future versus the past? In the past, INR10-INR20 crores was our average size and now we are aiming to do INR50-INR100 crores jobs or no?

Padmaraj Pillai: Actually, the whole point is that in the past, what completion certificate we had in our hands enables us to quote up to about INR140 crores as a single value order that we can bid for. Why I said INR30 crores is the low range and up to INR140 crores is the upper range is because we have decided that we are not going to quote anything below INR30 crores.

Dhruvesh Sanghvi: Okay. So, something what we received recently of the INR28 crores, this kind of orders probably will stop coming to us and we will go into a slightly higher zone?

Padmaraj Pillai: See, it would depend upon... Actually, what happens is when the government comes out with the packages, basically, I mean it would depend upon the area. Like for example, what we quoted in Jharkhand, all the packages were in the range of same, you know, INR28-INR30 crores. There were no bigger packages. So, particularly when it comes to that kind of a thing, we don't restrict ourselves because it's in our range, you know, 28 and 30 is almost the same. So, we don't restrict ourselves and if you're getting good rates and you're getting good margins, I mean, there's nothing wrong in doing it.

But in particular, if you ask me, I would be looking at, in particular, if you ask me, I would be looking at like, you know, the average price of a project not less than 30 crores or maybe around 50 crores and going right up to 130-140 crores as per my qualification. Sure.

Dhruvesh Sanghvi: And just one more question and I will join back the queue. In terms of territory, how are we selecting? I mean, considering there will be some sort of bandwidth issues also which will start coming in because orders will come across India. You are sitting in Gujarat. How will you start catering multiple states and how will you mobilize teams? So, there will be some selection criteria that I will not go beyond this and I have mobilization capabilities here, etc. What are your thoughts?

Padmaraj Pillai: I'll tell you, we've been placed very comfortably in Rajasthan for a decade now. So, that becomes one territory where we are very comfortable. So, obviously, anything that's coming in Rajasthan



and particularly in Ajmer, we will definitely be looking at, I mean, like, you know, voting for the project.

Apart from the ACR, previous experience of working with the airports, we've done airports across the country. So, across the country, we've got our presence because we have worked there. So, we have local contacts, we have local, I mean, you know, support.

And, I mean, the political support you need or whatever kind of things that we have, our relations built up over last 48 years, 49 years of working, you know, pan-India. So, that way, we do not envisage or any kind of issues when we go outside. Yeah, but then as you rightly said that once when you have such kind of orders in your hand, then how do you look at it? Yeah. So, what do you look at it is that how can I improve my credentials and how can I improve my profits? So, the point is that the lesser-known places have, I mean, less number of bidders, basically.

Or if it's a little tough terrain, people do not, people, I mean, like, you know, who have just entered this industry or who come in who don't have that kind of a bandwidth would look at not going into those places, you know. And so, we get an over advantage of, you know, being in such places. And, I mean, that improves your margin.

Dhruvesh Sanghvi: Okay. Okay. I'll join back the queue, sir. Thank you. I have a couple of more questions, but I will join back. Thank you.

Moderator: Thank you. Our next question is from the line of Smehashish Mata from Anahal Capital. Please go ahead.

Smehashish Mata: So, my question was, can you please explain your new order which you received on August 14?

Padmaraj Pillai: Yeah. So, basically, this is providing of electric supply to those people who have not received electricity for last 75 years or post-independence or whatever. These are the un-electrified, these are the un-electrified or partially electrified habitats.

Partially electrified habitats wherein, like, see how it happened is that when we started electrifying the country, I mean, until in the rural segment, it started off with, like, villages with 100 houses or more. Then that came down to 80 houses or more. Then it came down to 50 houses or more. Then 20. Then a cluster of 5.

Now, what government is aiming is, even if there is one house, you have to provide the electricity, even if it's costing us much more, this thing, to the government. So, that way, now this is basically, like, those people, those areas where the electricity has not come in last 70 years of, us being in existence. So, and providing the electricity supply to the un-electrified houses, basically, the below poverty line people or the tribals. I mean, that's the kind of work that we're going to do.

Smehashish Mata: And I want to ask another question. So, what is our client base? I mean, how much is from government and non-government?



- Padmaraj Pillai:** So, see, my primary focus has always been on the government jobs. But yes, here or there, we've been taking private jobs also, like, for example, the Ahmedabad International Airport that we took from Adani. And similar, like, in past also, we worked for certain hotels and certain hospitals and all that. But that remains a very small part of the portfolio that doesn't have any significant impact on the portfolio. So, what our primary focus has always been on the government jobs only.
- Moderator:** Our next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.
- Prateek Chaudhary:** Good morning, sir. So, in your initial remarks, you mentioned, audible, I mean, maybe a single order size of INR300 crores to INR350 crores that will be eligible to get after some time. So, can you tell a little more on that?
- Padmaraj Pillai:** Yes. So, the point is, see, in government, what happens is, in government, what happens is, there's a pre-qualifying criteria set by the Central Vigilance Commission. Because they are the people who give the criteria that what should be the bare minimum criteria of any company quoting for a tender.
- So, which is like, you either have to have one job of 50% or 70% or two jobs of 40% and three jobs of 30% kind of a thing. So, basically, what is going to happen in 2000, end of 2025, is that we will be having a compliance certificate of about INR100 crores, INR130 crores. So, which means that we will be eligible for, if you consider that to be 30%, so INR350 crores, 30% would be approximately about INR120 crores, INR125 crores. So, when we have three completions of that volume, we will be directly qualified to quote for a single job of INR350 crores.
- Prateek Chaudhary:** And this is end of calendar year 2025.
- Padmaraj Pillai:** Yes.
- Prateek Chaudhary:** And you also said that in one of your previous calls that you will be getting into the transmission. Because I think what I understand is that you are more on the distribution side as of now and you look to get into transmission in the next few months.
- Padmaraj Pillai:** Yes.
- Prateek Chaudhary:** Any updates you have on that?
- Padmaraj Pillai:** Yes, the update portion is that post-November, I mean October-November, there is going to be a lot of tenders for the transmission sector to be coming in, where the tenders have already been finalized by the state and the central government, because of the upgradation of the grid that as I was talking about it last time. So, yes, we have already had our strategic tie-ups, we have already decided the segments, I mean the areas where we will be participating. So, that is where we are in line, definitely.



- Prateek Chaudhary:** And what would be our, because this is a new segment that we would enter into.
- Padmaraj Pillai:** No, it is not a new segment. It is only an upgradation of the current segment. See, I am already working, I am already putting up towers up to 33 KV. Now, I am going beyond that. So, it is only that the size of the tower will change, the size of the conductors will change. The nature of the job remains almost the same.
- Prateek Chaudhary:** And per order, these would be higher value on revenue as well as profitability, right?
- Padmaraj Pillai:** Yes.
- Prateek Chaudhary:** Okay. So, this will start post-October-November this year?
- Padmaraj Pillai:** Yes, the tendering will start, I think, post-October-November as our discussion with PowerGrid and as our discussion with Power Finance Corporation. I mean, the bids are going to be called post-October. Gujarat has announced about INR96,000 crores to be spent on the transmission sector alone. They are all planning, I think, probably they will all start coming by October or something.
- Prateek Chaudhary:** Okay. And on the reactive power which you have been talking about in the previous calls, any update on that?
- Padmaraj Pillai:** We are working on it very closely with a couple of PSUs who are into the renewable sector. They all require it. But the only thing is that there is still a factor of confusion for them because they are looking at a product while we are talking about a solution.
- So, I mean, we want to be a solution provider, not actually just an equipment supplier, basically, because that is not going to affect the purpose. So, they are still building upon the things and how to tender it or how to come out with it and what to do about it.
- Prateek Chaudhary:** And have we reached some sort of an agreement with the foreign partner we were having talks with?
- Padmaraj Pillai:** Yes, so that is already in order. That is already in order. It's already... I mean, the -- What do you call that? The initial expression of interest has already been signed by both the companies. It's only now to take it forward into a formal agreement would require me to break through and get an order at least. So, that is what we are waiting for.
- Prateek Chaudhary:** And do you see this as something which you will be able to crack, say, in the next, six months or so?
- Padmaraj Pillai:** As I told you, it will all depend upon the technical acceptance of this product. It will all depend upon the technical acceptance of the product. Because there is a huge requirement which is not being right now addressed by the government, as I told you. Because there is a confusion as -- I mean, in technical terms, there is a confusion between the story that whether the capacitors itself

can compensate the problems that they are going through or that they require something even a step higher. Because ultimately, it's a cost factor which always bothers every project.

Prateek Chaudhary: Okay. Final question, sir. This Ahmedabad order, which has to be the airport order -- how much percentage of that is remaining to be completed?

Padmaraj Pillai: Almost, almost, close to about 70%.

Prateek Chaudhary: Okay. And this, the order that you announced yesterday, that's in JV, right? Yeah. And so how much is your portion of that JV?

Padmaraj Pillai: Sir, these JVs are normally for -- firstly, you have to manage the labour at the local level. Because as I told you, during all my thing is that I do not -- I normally have all my labour jobs given on a contract basis. You know, we look at the supply portion, we look at the engineering portion and the labour portion we normally outsource.

So wherever we are working in an area outside, outside the vicinity where you're comfortable, it is always good to have a JV, local JV partner, who would be handling the complete labour contract portion. So this also, it's a 100% job for us only. There is nothing like that....

Moderator: Thank you. Our next question is from the line of Merelle Dcosta from Celest Advisor. Please go ahead.

Merelle Dcosta: Good afternoon, everyone. My question to you is, sir, that what is your revenue and profit guidance for Q2 FY '25 and the full fiscal year?

Padmaraj Pillai: Ma'am, pardon me. I couldn't get you. Okay.

Merelle Dcosta: My question was, what is your revenue and profit guidance for Q2 FY '25 and the full fiscal year?

Padmaraj Pillai: Q2 FY '25. Rohit, can you answer this?

Rohit Maheshwari: So, hi. Good morning, madam. So Q2 FY, we are anticipating good growth as compared to previous year. The numbers not to be disclosed, but you can expect a good growth compared to the previous quarters or previous year.

Merelle Dcosta: Okay. And another question is, how do you expect the margins to trend in the coming quarters?

Rohit Maheshwari: Madam, we are expecting the same to grow as you can see from the past trends of Q4 of FY '23-'24, Q1 of '24-'25. So, you can see that it is improving better as compared to what we were doing previously.

Merelle Dcosta: I see. And what are the expected revenue contributions from the newly secured contracts in the next quarter?



- Rohit Maheshwari:** So, madam, next quarter, we may not expect anything from the Jharkhand tender. However, we can expect some revenue, major revenue from Adani International Airport project. Because the completion period of that particular project is four months, which will be extended to four to six months. So, we can expect the revenue of that into Q2 some portion and Q3 in some portion. And for Jharkhand, we may expect in a Q4 or end of Q3.
- Moderator:** Thank you. Our next question is from the line of Jairaj Jain from PSC Capital. Please go ahead.
- Jairaj Jain:** Thank you for the opportunities. So, my first question to the management is like, can you explain what is the outlook on the demand for electrical contracting services in the upcoming quarters?
- Padmaraj Pillai:** Are you talking about from the point of the perspective of the total industry?
- Jairaj Jain:** Yes, sir.
- Padmaraj Pillai:** So, right now, the total scenario is that the government has put a lot of focus on the expansion of the electrical infrastructure. The reason being that as we are moving from a 4 trillion economy to a 10 trillion economy, what is the government vision for the next five years to come in? Particularly, this cannot be just achieved by a certain sector.
- It has to be an overall growth of the country. So, which is where you are seeing in the likes of Micron coming into India, the likes of Apple shifting the factory to Bihar. So, these kind of things which are happening. So, for that, the basic requirement is electricity and road. So, road has already been the emphasis for the last two electric terms of the current government. And this time, the government is fully focused on providing the electrical infrastructure.
- So, as you can see that the total spending that they have given for the electrical infrastructure is close to about INR2.5 lakh crores in the last budget. And again, this is only the central budget. So, if you look at the state budget separately, then another same volume of work is going to come in from all the other states also.
- So, which means we are looking at about INR4.5 lakh crores of tendering to be done. So, which means that if you look at it, which means if you look at it from my perspective, there are enough tenders going to come in and there are going to be lesser players to cater to this requirement because you will not be able to get new contractors every day to get into these kind of volumes. So, it is definitely going to be, I mean, it is definitely going to be, the next one decade is definitely going to be full thrust on the power sector.
- Moderator:** Our next question is from the line of Sania Jain from Finway. Please go ahead.
- Sania Jain:** Hello, good afternoon. So I wanted to know, can you discuss the current debt levels and any plans for reduction?
- Padmaraj Pillai:** Current level of?



- Sania Jain:** Current debt levels and any plans for debt reduction?
- Padmaraj Pillai:** Rohit, can you take this question, please?
- Rohit Maheshwari:** Fund base limit of INR11 crores and non-fund base limit of in terms of letter of credit of INR10 crores. So, going forward as you have already seen that we are in process of raising the fund. So, in future we will try to mitigate those debts in like upcoming years. So that is outstanding as on date of debts.
- Sania Jain:** So, how do you plan to utilize the recent capital raised for business expansion or other strategic initiatives?
- Rohit Maheshwari:** No, madam the business -- so the fund has been raised for the purpose of the majorly for working capital purpose and for certain portion we are for the acquisition of a stake from 15% to 60% in our Peaton Electrical Company Limited. So, utilization of the fund which we are raising is bifurcated into these two things.
- Sania Jain:** So, are there any significant capex plans for remainder of financial year 25?
- Rohit Maheshwari:** So, madam, basically capex in our industry is more in terms of the submission of the bank guarantees and investment deposit and the performance bank guarantees for which you need to create a fixed deposit and those kind of capex are only. Yes, with growing from this level to another level we definitely will be in need of some capex towards issuance of the bank guarantees and the performance guarantees.
- Sania Jain:** All right. Thank you. I'll get back in the queue if I have any more questions.
- Rohit Maheshwari:** Thank you madam.
- Moderator:** Thank you. Our next question is from the line of Kajal Pathak from VY Capital. Please go ahead.
- Kajal Pathak:** So, first of all, congratulations for a good set of numbers.
- Padmaraj Pillai:** Thank you so much.
- Kajal Pathak:** Sir my question was how do the new contracts under the Mukhya Mantri Ujjawal Jharkhand Yojana will impact the company's order book and revenue projections for FY25?
- Padmaraj Pillai:** So, basically we would see some revenue coming in as Rohit had mentioned. We would see some revenues coming in maybe from quarter 4 or end of quarter 3 because normally what happens is with this kind of project, there is a time involved for the survey of the area because we have to decide on the number of connections to be released. We have to decide upon the line to be laid in order to because this will be quite a remote area. So, a lot of things. So, that survey would take we are in the month of August. So, let's say September, October, November, at least three months would be taken for the survey. So, probably, we see some revenues coming in by December or maybe the quarter 4.



- Kajal Pathak:** Okay, sir. And sir what are the key milestones for these contracts under this Yojana
- Padmaraj Pillai:** So, the key milestone is basically - see it's basically the social growth. It's basically the social growth which is the aim of all the government right now because imagine that we all stay in such beautiful cities where we have 24 hours electricity and you still have a brother out there, living in a tribal area or a very remote location or a rural area who has not seen electricity in a house for 70 years, 75 years. So the pure emphasis is the social I mean there is a social responsibility. It's getting those people to at least have the basic necessities of life, actually.
- Kajal Pathak:** Okay, sir. And sir what is the expected timeline for the completion -- sorry can you elaborate on the margin expectations for the recently secured INR28 crores approximately contracts under this Yojana?
- Padmaraj Pillai:** I think in terms of revenue, I think we will be giving you the I mean like the numbers as and when time comes in because I think right now to give you the numbers would not be ideal because we have not even started the job.
- Kajal Pathak:** Sir, a rough estimate, like what would be the rough estimate?
- Padmaraj Pillai:** It's nothing like rough the industry works on a certain pattern and like right now also as I told you, I mean we would like to restrict the discussion on the numbers as on date because it would not be the thing. I mean maybe as quarter-on-quarter we keep declaring and you will see the things that are happening.
- Kajal Pathak:** Okay sir. And sir how do you plan to manage the execution risk associated with these new projects?
- Padmaraj Pillai:** There is no execution risk. What exactly ma'am do you mean by execution risk?
- Kajal Pathak:** Like any risk associated if no then okay, it's okay.
- Padmaraj Pillai:** Ma'am, we have been doing this kind of projects all our lives.
- Kajal Pathak:** Okay, sir. Thank you. That's all from my side.
- Moderator:** Thank you. Our next question is from the line of Pooja Gupta, an Individual Investor. Please go ahead. Hello, Pooja ma'am. I think the line from Pooja ma'am has been disconnected. Our next question is from the line of Avdhi Gajdhiye from KRG consultancy. Please go ahead.
- Avdhi Gajdhiye:** Congratulations, sir. And thank you for giving me opportunity. My question is what is our working capital cycle?
- Padmaraj Pillai:** Rohit, can you take this question?



- Rohit Maheshwari:** Good afternoon, ma'am. So, our working capital cycle as on 30th June 2024 stood at 85 days cycle including the entire debtors of certain amount which has been under dispute or which have been under dispute. So, cycle comes as 5 days.
- Avdhi Gajdhiye:** And, sir, I have another question, any capex plan for FY25?
- Rohit Maheshwari:** Madam as expected there is no capex. The capex is in a form of bidding of the new tenders and the submission of the performance guarantee and mobilization of sites which is on a working capital purpose. However, the submission of EMD and the PBG is the requisition which will be in a form of capex which will be kept with the department or PSUs or central PSU for a period of 2 years, 3 years or 5 years. That depends on the contract.
- Avdhi Gajdhiye:** Okay, sir. Thank you, sir.
- Moderator:** Thank you. My next question is from the line of Nandan an Individual Investor. Please go ahead.
- Nandan:** Yeah. Good afternoon, sir. First of all, a very good set of numbers so congratulations. Sir, I have a couple of questions. The first question is that we are going to acquire this Peaton which is our subsidiary company or associate company, I think. So what will be the valuation at which we are going to acquire the stake and we are going to raise the stake to 60%?
- Padmaraj Pillai:** I will pass this question on to Rohit can you please?
- Rohit Maheshwari:** Sir, so the valuation is under process that will be put up at the time of AGM. So, currently we are working on the valuation of the particular company. So 24th August we have an AGM. So, by that time we will give you the valuation in the AGM itself.
- Nandan:** Okay, sir. So, sir, my next question is what is the benefit through this acquisition? I mean, if you can answer that what will be the thing that will help us through this acquisition? Is it like we will have some kind of ease of business or anything?
- Padmaraj Pillai:** So, the point of acquisition of this company is also to have better transparency and to have better because it is a company which actually is manufacturing products and almost 50% of the consumption is by our company itself, power instrumentation itself. So, we wanted to have more this thing. So, we brought it in the same umbrella so that the transparency and the things are maintained in clarity.
- Nandan:** Okay. And sir can we expect some more, I mean, a top-line addition through this acquisition? And are we planning for some more growth in that company as well?
- Padmaraj Pillai:** Yeah, absolutely we are planning because there is a new product which will be introduced probably by the month of December. So, you will see those revenues coming in 2025-26, not in 2024-25.



Nandan: Okay, sir. Now, sir, the next question is, are we working on any kind of transmission order as of now? I mean, any substation order or any significant order?

Padmaraj Pillai: Yes, we are doing. Not a significant one, but we are doing a little bit of work for the Eastern Coal Field sorry for the Central Coal Field we are doing a small project in Ranchi. So that is definitely there, but then, yes, because we have now 33 KV completion and everything in order. So, definitely, I mean, now we will be looking at 132 KV and above.

Nandan: Okay. So as of now we are eligible to apply for 132 KV or are we going to be eligible?

Padmaraj Pillai: No, we will be eligible for 132.

Nandan: Okay. In the individual capacity?

Padmaraj Pillai: Yeah, in individual capacity.

Nandan: So, next question sir what is our revenue growth possibility that you see? I mean since last three or four years the revenue was on the flattish end. But now, since we have got the working capital in hand, I mean, the scope can be quite big. So as a shareholder what can I expect in terms of revenue growth going forward say, for instance, for next two, three, four years?

Padmaraj Pillai: Sir, I would be telling you only one thing. Keep watching us. You are going to enjoy this ride.

Nandan: Thank you very much, sir. That's a nice way to put it. Okay. So, sir, just one more question. I mean, we are into transmission and distribution segments. So, going forward, where do you want to see the company in terms of revenue split? I mean, would we be more keen in terms of the transmission orders or into the distribution orders?

Padmaraj Pillai: See, I always believed in one thing, which is the factor, if you see my order book also, I have always believed in one thing, you can't keep all your eggs in the same basket. And this is an industry where and particularly when you are catering to government your PQs become very important. So you need to keep your hand in a couple of pies because maybe today the distribution sector is bullish, tomorrow morning the transmission will be, day after tomorrow, maybe again the distribution will come in.

So it is going to be a mixed bag all the way. Because what happens is that if you are just in one segment or one line like what will happen is that when that particular line will go down, you will not have the credentials to code for the other segment which is coming up. So we need to keep our hands in a couple of pies.

So, that's why I said that we will be there in the distribution, we will be there in the transmission and we will be still doing the efforts as we are doing because tomorrow you never know there will be a huge boom coming into the building infrastructure segment also. So, at that time, we don't want to lose on the bandwagon. So, we keep our credentials and we keep our PQs alive. So, that's like it's going to be a mixed bag all the way.



- Nandan:** Okay, sir. That's very helpful and I wish you all the best for the future. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.
- Dhruvesh Sanghvi:** Sir, when you bid, you mentioned that there is a certain sense, a certain style in the industry. So, you don't look at your margin and bid but the way others are bidding there must be some rough metric that, okay, X kilometers or X area. And I mean, what is the bidding style?
- What do you think when the bid comes? Do you look at your cost and bid or it is more, if there is X amount of work then typically you multiply this much and bid. Because it's very difficult in this kind of an EPC project to estimate the cost. So, how do you think about the margin while bidding?
- Padmaraj Pillai:** So, this is seen in 2-3 ways. One thing is that, what is the tenure of the job? If it is a short tenure job then the percentage of margin can be lower because the realization would emerge faster. If it's a long tenure job then you look at the percentage in that segment that you have to work for 15 months, 20 months, 24 months. So, the margins are different. Because whatever cost factor you have it all adds up to that.
- If you are doing this work for 2 years, then if it is a work of INR50 crores then your revenue estimate in one year is only going to be INR25 crores. But if you are going to do the same work of INR50 crores in one year, then the entire revenue of INR50 crores is going to come in one year. So it all depends on the tenure of the project. Secondly, what is the kind of work again, where is the work.
- For example, if I'm supposed to I'm working in Ahmedabad for example, all the means and necessity of the things are very easily available. So, the cost goes down. So, even if you are at a thin margin, you will still be able to earn something.
- But if you are going into the rural part or if you are going somewhere where typically it can be time-consuming, typically there can be some kind of thing. So, all these factors are taken into consideration before taking the margin call. Whether this tender is going to be quoted at 10%, 15%, 20% or 40%.
- So, that call is only taken depending upon what is the kind of tender, where is the tender, whether it is urban, whether it is rural, whether the price variation clause is applicable or not. So, all these factors come together and then we finally decide on the margin. Sure.
- Dhruvesh Sanghvi:** And similarly, just to understand, what are your top 5 or 6 costs in a typical project? Because in the P&L when we see, it is all purchase of traded goods. So, what are the typical 4-5 items that come under your top costs apart from the material, I mean, apart from the wires, what are the other things?



- Padmaraj Pillai:** Tools are included, transformers are included, conductors are mentioned as well as cables. Then a lot of the material is made of steel, which means the brackets that are typically used on poles. So a lot of the material is made of steel. These are 4-5 things that are major in all projects.
- Dhruvesh Sanghvi:** I meant labor and transport would be how much? Will it be a very big part of the total or no, it will be very small?
- Padmaraj Pillai:** So, typically the labor portion comes to approximately, if I am not wrong, it should vary somewhere around 8-9%.
- Dhruvesh Sanghvi:** Okay. Fine. Thank you. Sorry, and transport, I mean, because you said that if the project is far away then your expense will increase. So, is there a way where you give a range of, in your mind, how 5%, 10% could be the range of transport?
- Padmaraj Pillai:** No, it doesn't happen like this. What happens is as you understand that suppose if I am typically working in the North East today, I know that you are not going to get any goods there, all the minimum goods will come from Calcutta. So from Calcutta we calculate the tonnage of the vehicle. We know that the steel structure is 200-300 tons. So how much will a 40 ton car cost? It will cost 30 tons of goods. So we calculate it by that way. It will cost 15-20 cars. There are transformers. So where will the transformer come from? It will come from here. So that way we calculate. So if we talk about the percentage basis probably it would turn out to be on the whole 1%, 1.5%.
- Dhruvesh Sanghvi:** Okay, fine sir. Thanks. I think this will give us some template to think and best of luck sir. Thank you.
- Moderator:** Thank you. Our next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.
- Prateek Chaudhary:** So the new product that you mentioned, which will be launched under Britain Electrical, please share some more details on the same, which segments you'll be targeting here and what could be the opportunity size and if you have any other products?
- Padmaraj Pillai:** So basically this is compact busway systems, now it has been made mandatory that any building more than 10 storeys and above, I mean it is the distribution of the power inside the building, that is the cables which were earlier used need to be replaced with this. That is because right now the kind of buildings that are being made, 30 storeys, 40 storeys and particularly in the urban cities like Mumbai, Delhi, Ahmedabad, Bangalore, I mean Chennai, all this and all the top places.
- So it has been made mandatory that the cables have to be, the new buildings will not have any cables running through the building because a lot of fire incidents which have happened and so when now you consider a 150 storey or 60 storey building, supposedly let's say, each floor has about 8 flats, so you're talking about 480 flats in a thing, so 480 numbers of cables running through a duct would definitely be a very dangerous situation

This is already internationally this has been happening, I mean the bus duct has been used, so now in India also it has been made mandatory, it has been made mandatory about 3 years back, so now all the new buildings that are coming up have a lot of requirements of this particular product, so that's the one that we've been doing R&D on for the last about good 3, 3.5 years, we've completed it, we have installed one prototype also which is running successfully for the last one year, so now we're in the final finishing stages to complete that and then get it into testing, so that in FY '25- '26 we can start putting the product in the market.

Prateek Chaudhary: And what could be the opportunity size here for building or?

Padmaraj Pillai: So last year, the survey of the industry said that the total requirement of the industry was about INR1800 crores -INR2000 crores and the catered manufacturers could only manage to make it up to INRR700 crores, so there's a huge deficit in the actual requirement to the production right now.

Prateek Chaudhary: And you typically, so this gets sold to the builder or to the architect?

Padmaraj Pillai: This gets sold to the builder ultimately, so the builder is going to pay the money.

Prateek Chaudhary: And you said INR1800 crores is the total market size, so the 700 is being quantified?

Padmaraj Pillai: Yes, 700, yes.

Prateek Chaudhary: So the rest is being imported?

Padmaraj Pillai: Yes, the rest is being imported, yes.

Prateek Chaudhary: And sir, final question on the reactive power thing, since you're, I mean you're close to the discussion taking place with PSUs, and you said that they need a product whereas you're giving a solution, so is...

Padmaraj Pillai: No, it's not actually, what I meant by saying is that they are comparing it to a, I mean, when I said that they are still confused, so they are comparing it to something which is something conventional which was there for Nokia's in the industry, without understanding that the loads have become so dynamic right now that you have to upgrade yourself, you cannot think in those old lines. So that's what I was saying, so they are comparing it to a product to a product, while it is a product to a solution what we are providing.

Prateek Chaudhary: Could we have some, is there a likelihood of some success in the near future?

Padmaraj Pillai: Yes, definitely. I'm telling you wherever I'm going and saying everybody is looking at the product and everybody is very interested in the product, but the only point is that to break open the conventional mindset, that is the toughest part because somebody will have to take the lead. So we are even discussing it with the Central Electricity Authority also, because this is the thing that has to be done otherwise, and by introducing these things, what we are doing is that we are



freeing almost like the distribution sector can, use the same GSS and increase the capacity by at least 15% to 18%, which is like 18% if you put it, if I have 100 substations, I have to put 18 more, instead of that I just put this product. So we are trying to make them understand. Let's see.

Yes, so what I was saying is that we also met the Central Electricity Authority and tried to make them understand that by introducing this product, they are going to, I mean, free the space in each GSS, like for example, a GSS which can cater 1000 kV, right now, which is using 1000 kV of power, I mean, it can go up to 1200kV, so basically 20%.

So which means that for every 100 substations that have been installed, instead of putting up 20 new substations, which is again a very big capital also, and then again, the constraint of the place and everything, I mean, this product can definitely, I mean, help in that sector. But that is like, the things are being discussed, it's a very new thing. So for people to understand it, and to, I mean, accept it, it'll take time.

Prateek Chaudhary: And any regulatory sort of mandate, which has come recently?

Padmaraj Pillai: The regulatory mandate I only mention that the revert power composition should be done, like by what way they have not mention so people are still exploring the conversely waves because of this the cost facture or maybe because they have not vaunting to understand the new product. But internationally this is the product that is being used all over.

Prateek Chaudhary: It's already, and this is STATCOM that you will be doing, right?

Padmaraj Pillai: Yes.

Prateek Chaudhary: And internationally, it's already there in?

Padmaraj Pillai: Yes, all the developed countries.

Prateek Chaudhary: And sir, final, any other product that or any other product or solution that we may be launching through PTEN?

Padmaraj Pillai: Just right now, this is the one thing, it's complete one, and then move forward to the next one.

Prateek Chaudhary: Great, sir. All the best. Thank you.

Padmaraj Pillai: Thank you so much.

Moderator: Thank you. Our next question is from the line of Harish, an individual investor. Please go ahead.

Harish: Yes, my question is on the listing part of BSE-NSE. Our stock is listed from February under the surveillance measure. And the reason for that mention on BSE is that details of non-compliant, details of compliance officer has not been submitted. So what is the corrective action we are taking for that?



- Padmaraj Pillai:** No, I don't think there is any compliance pending from my end. Because if you see, the ESM portion, if you see, there's a disclosure that is there on the website of SEBI itself, which very clearly states that there is nothing to do with the company. The company, it doesn't say that the company is bad or good. It is only basically that they have a software-based thing in regards to the whole thing. And that explanation is there on there. So there is no compliance pending from my side.
- Harish:** No, I'm on a BSE website. It is against your share price. They are mentioning non-complement on details of non-compliance officer. You have not submitted the details of the compliance officer. That is what the BSE exchange?
- Padmaraj Pillai:** Rohit, can you?
- Rohit Maheshwari:** Sir, I would interrupt into that. We have already submitted the details to the BSE. And if you can see the NSE's website, the details of compliance officer and everything are already been showing there. So let me check once with the BSE and revert back to you.
- Harish:** Okay. And second question is on this QIP. Is there going to be any lock-in period for this QIP investment, QIP shareholders?
- Rohit Maheshwari:** Sir, that will be as per the ICDR guidelines. So whatever lock-in as per ICDR guidelines has been prescribed, the share price will be locked in for that particular period.
- Harish:** So what is the guideline? Can you enlighten on that? What is the guideline?
- Rohit Maheshwari:** Sir, basically I need to cross-check with my [TS 54:21]. Otherwise that is of, I guess, for promoter category is of 6 months and for non-promoter it is of 3 months. That is what I am aware of. But I need to check exactly with my company directly.
- Harish:** The next question is, what is the process of getting the proposed shareholder for the QIP? How do you go about it? In case somebody I want to offer it, how do I go about it?
- Rohit Maheshwari:** So, sir, definitely if you want to go with, whenever we are preferring for next time, prep round or anything, we can approach you and then you can show your consent to us.
- Harish:** Okay. But is there any process by merchant banker you have to get registered with them and they will send you the...
- Rohit Maheshwari:** No. It is not like that, sir. You can send an email to company as on date stating that whenever you do any further fundraising or anything, I would be happy to participate. So next time whenever we do anything new, we will first approach you. And thereafter, we will take care. If you are interested, we will welcome you. Otherwise, you can decide.
- Harish:** Okay. Thank you very much and all the best.
- Rohit Maheshwari:** Thank you, sir.



Moderator: Thank you. Due to time constraint, that was the last question for the day. I now hand the conference over to Ganesh for closing comments. Hello, Ganesh sir. Please go ahead.

Ganesh: Thank you everyone for joining the conference call of Power and Instrumentation (Gujarat) Limited. If you have any queries, you can write us at research@kirinadvisors.com. Once again, thank you everyone for joining the conference call.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Padmaraj Pillai: Thank you all for joining in.