Operator: Good afternoon, everyone. This is the first day of the Bharat Connect Conference. I welcome you all to the call of Indo SMC Limited. Today, from management, we have Mr. Neel Niteshbhai Shah, the Managing Director and CFO of the company.

Before I hand over the call to management, I will lay out the flow of the event. We will start with a brief introduction and opening remarks by management, and then we will move on to the Q&A round. Participants who would like to ask questions can raise their hands or put their questions into the chat box. If time permits, sir, we will take questions from participants who were unable to join the call. Over to you, sir.

Neel Niteshbhai Shah – MD & CFO: Hello. I am Neel Shah, Managing Director of Indo SMC Limited. We started the company in 2021 with SMC and FRP products. Gradually, we are now moving into electrical products.

We basically started with meter boxes. We have been in the electrical field and this business for the last 30 years, supplying materials to Torrent and UGVCL. At that time, we were essentially working for several other companies. After that, we expanded and started with meter boxes because we had a good presence in that area. We started the company from Gujarat and then expanded onward.

First, we started with meter boxes, and then we continued adding the entire product range. After meter boxes, we added cable trays, gratings, and other products. Subsequently, we entered the CTPT, LTCPT, and VCB product ranges, and we are continuing to work in those areas. Our plant is in Maharashtra, and we have established our third plant in Gillot, where we manufacture SMC and FRP products as well.

We started the company specifically to supply electrical products to utilities, an area in which we have been working for the last 30 years. Since my grandfather's time, we have worked in design and distribution networks, and we have received considerable benefits from that experience. When Nitin sir, I, and the others started this company during COVID, our initial focus was only Gujarat. After that, as substantial work began to emerge from the entire smart metering project, we targeted Uttar Pradesh, Madhya Pradesh, and Maharashtra. We expanded our network significantly in those markets and started receiving work from there.

Right now, including BESCOM, Andhra Pradesh, and Tamil Nadu, we are working in a total of 20 states, and we are gradually expanding our range further. We start with meter boxes, and then our entire range is gradually added. We are building a complete electrical network, through which we plan to enter RMU and VCB products and also move into the transformer industry. The overall plan is to serve a utility from a single location. At Indo SMC, our vision is that if a complete setup is for 66 kV or 33 kV, we should be able to provide it.

Right now, we are serving the 33 kV and 11 kV segments. Gradually, from next year onward, we will plan for 66 kV and continue expanding. Our plan will be along the lines of companies such as ABB and Crompton, and we are targeting LT and HT up to 33 kV.

This is the company's overall approach and the basis on which we established it. We initially started with SMC and FRP from our Ahmedabad plant. Next, we established the Gillot and Nasik plants.

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Right now, we are also expanding the Nasik plant. The larger plant that we have acquired should become operational from October 1 onward. The chances of our revenue increasing from there are also significantly better.

Operator: Understood, sir. Shall we begin our Q&A round, if you permit? Am I audible, sir? Neel sir? Yes, we can begin our Q&A round as well. I request participants who would like to ask questions to raise their hands or put their questions into the chat box.

Neel Niteshbhai Shah – MD & CFO: Certainly, sir.

Operator: We will wait for a few seconds so that the question queue can be aligned. I request participants who would like to ask questions to raise their hands or put their questions into the chat box. We will take our first question from Abhi Jain. Please go ahead and ask your question, sir.

Abhi Jain: Good afternoon. Am I audible?

Neel Niteshbhai Shah – MD & CFO: Yes, sir.

Abhi Jain: Neel, first of all, congratulations on whatever you have achieved since listing. We have spoken a couple of times, and whatever guidelines and aspirations you laid out in March, you are almost on track.

I just want to understand this, sir. Now that you are moving at this speed and the company is doing well, two things that mature investors look out for are operating cash flow. I know that your growth is very high, so it is working-capital intensive. Because of this, you are currently not able to generate as much cash flow. Could you give us some idea about this? Are you looking at it? Does it bother you that you need to find a way for the company itself to generate cash, so that you do not have to depend on external resources? My company should generate enough cash for my growth. That is what a good, mature, well-run company does. Given that you have grown so quickly, I would expect this to be your current focus.

Neel Niteshbhai Shah – MD & CFO: Yes, we are now focusing on cash flow. We are specifically targeting that, as payments are received, we gradually set aside 15-20% and work toward making cash flow positive.

The target for this year is to achieve this. When the IPO came, I had also stated that it would take me 18 months to convert the cash flow to positive. We are moving at the same pace and toward the same target. Right now, we are focusing on making our payment terms stricter and carrying forward the payment terms that we receive. If the terms are 45 days, we will maintain those terms, and gradually the cash flow will move toward a positive position.

There is no doubt that growth is currently very high. The objective is to remain dependent on the company's own cash flow, which will benefit the company more as it matures. That is where we are putting some additional focus. Our products are also increasingly electrical products, where we can work toward considerable profitability. Up to 11 kV and 33 kV, there will be a reasonable profit, and as we move forward, we will receive a premium. Another benefit is that the market is currently expanding significantly, with data centers and other developments coming up. A lot of work is increasing in electrification, so we are focusing on that, where we can obtain good work and secure

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payment flows.

Abhi Jain: Right, sir. Secondly, you had obviously guided that in FY27 you continue to see the 40% growth that you have delivered, or 40% and more. How are things looking on the ground? Your H1 results should also be coming soon, so how are things looking for FY27 now?

Neel Niteshbhai Shah – MD & CFO: Right now, it is on top, but there are some pluses and minuses in the overall business. However, we are getting considerably better growth in electrical products. The products that we had planned, including VCB, should arrive from October onward. We had planned RMU for next year, but given the level of work and growth, we are also planning to introduce it as quickly as possible. Right now, we are starting through a joint venture with a company, and going forward, our own product will also be developed.

Abhi Jain: So does FY27 still look like 40% growth? Are you on track, or do you think there could be some plus or minus?

Neel Niteshbhai Shah – MD & CFO: We are almost on track. If we are targeting 40%, we are moving accordingly and should achieve approximately 40% growth. We may perform even better because of the way we have expanded our product range. We have considerably better expectations from the electrical wing at the Nasik plant, and we are also receiving work. We have submitted several tenders, and most of them should be cleared within the next 2 months. We should exceed the target we have set.

Abhi Jain: Alright, sir. Finally, I wanted to ask about your fundraising outlook for the next 6 months. Given the kind of growth you are experiencing, you obviously need working capital, while cash flow generation is currently negative. Are you thinking about increasing your borrowing, or are you considering some preferential allotment or equity dilution?

Neel Niteshbhai Shah – MD & CFO: We have already submitted the applications for banking approvals, and those should be received. We want to minimize our dependence on equity as much as possible and move forward with the lowest possible equity requirement. Given the way we are planning, we believe it may be required because we are adding several new products. We are therefore considering whether to proceed with a preferential allotment or a QIB issue. If we can wait until January, we may go for a QIB issue; otherwise, we may have to proceed with a preferential allotment.

All of this planning is being worked out in the background, but right now we are focusing on order bookings. We are progressively entering 2–3 states, and the order and tendering season is approaching, so our current focus is on that.

Abhi Jain: Right, sir. I hope it is not a very large round, because I am sure you strongly believe in your own company and would want to retain as much equity as possible. Best of luck.

Neel Niteshbhai Shah – MD & CFO: Exactly. We are trying to keep it as low as possible and are focusing more on bank financing. In addition, our profit and cash flow are gradually becoming more stable this time, so we are focusing on that as well.

Abhi Jain: Right, sir. Congratulations and all the best. We will keep talking. Thank you.

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Neel Niteshbhai Shah – MD & CFO: Thank you, sir.

Operator: I request participants who would like to ask questions to raise their hands or put their questions into the chat box. While the question queue is being aligned, we will take some questions from the Q&A chat box.

The question is: How large is the market and what is our current market share? This question was asked by Girish R.

Neel Niteshbhai Shah – MD & CFO: Basically, we currently have four markets: SMC, FRP, electrical, and tarpaulin. Across all four markets, we are currently focusing only on India. If we look at the electrical market, Maharashtra alone has an annual government allocation of approximately 12,000 crores. This is only for the Maharashtra government. In Uttar Pradesh, for 11 kV VCBs, tenders of approximately 300-400 crores are regularly issued every year.

If we combine the entire product range, the market size varies from state to state. The total market for our product range is approximately 50,000-60,000 crores. We are currently targeting a much smaller portion because our primary focus is on 11 kV and 33 kV. We mainly focus on states where our payments are secure and where we can work through an established system.

In exports, we are currently working mainly with tarpaulin, and we are gradually adding FRP and the rest of our product range. However, exports have slowed down somewhat because of the current geopolitical situation. There is congestion, and we are not receiving deliveries on time as targeted. Therefore, we are currently focusing on India because India is at a growth stage.

At present, on a state-to-state basis, we have a good percentage of business in Gujarat, where our focus is also stronger. In Maharashtra, we are gradually increasing our percentage of the state market and planning accordingly. Our target for the next 3 years is to increase our market share based on our product range. Even if we increase it by 10%, it could generate revenue of more than 1,000 crores with good profitability.

We are focusing more on this and selecting a product range where we have a strong home-market advantage. We have been working in electrical utilities for the last 30 years, so this remains a major focus. At the same time, we are also entering the railways sector.

We are currently focusing on the outer and inner bodies in that product range. Gradually, we are moving into several other areas. We have now developed complete FRP housings and systems for the BSF. The FRP division is working separately in this regard, covering the telecom industry, BSF, marine applications, and railways. We are focusing more on these areas and gradually expanding the product range.

Right now, production was affected somewhat because there was considerable rate fluctuation in petroleum due to the war. This was creating some problems for us, but the situation is now becoming somewhat stable on the higher side, so we can work by focusing on that. We will see what happens over the next 1-2 months. Apart from utilities, our focus is on railways and BSF, where we will work with FRP. For electrical utilities, we are continuing to build our product range and our overall capabilities.

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We have also acquired a Nasik plant that is almost considerably larger than our previous plant. The plan is for the working plant to become operational from approximately October 1 onward. It will take another 1–2 months to complete the office and laboratory facilities, but the work is already progressing according to plan and with the proper product range.

Analyst1: Understood, sir. One question from our side was: Which of the pending utility approvals or RDSS tenders carries the largest realistic order value for FY27?

Management: There was a period when activity slowed down somewhat, but we already have several approvals. We are currently pursuing tenders and approvals. For example, a VCB tender is now coming up in Uttar Pradesh, and that is our focus. We have submitted the necessary documents to IDA and are waiting for the approvals.

Once that approval is received, substantial work will emerge for the next 2 years, only in VCB products. We are gradually expanding the rest of our electrical product range as well. Right now, we are focusing on Maharashtra, Uttar Pradesh, Madhya Pradesh, and BESCOM. The situation with RDSS has some pluses and minuses, so we are monitoring it. We are focusing more on Tamil Nadu, Andhra Pradesh, and Uttarakhand. Bihar is currently slow, but we expect substantial work to emerge there after Diwali.

Operator: We will take our next question from Ashish Soni. Please go ahead and ask your question, sir. You are allowed to speak.

Ashish Soni: You were discussing a preferential allotment or QIP in January. Since this is for working capital, how much are you planning to raise through debt and equity, and at a high level, how much dilution are you currently considering?

Management: Initially, we had considered a higher amount, but the plan is still being worked out. We have not finalized the exact amount yet. We are considering it and calculating the requirements. Once we assess the situation properly, we will try to keep the equity component as low as possible. We are also focusing on debt financing.

We had initially planned an amount of approximately {? 50 ?} crores, but we are currently assessing whether we can reduce it further. If it can be lower, that will be our focus.

Ashish Soni: So would this dilution be for the next 2 years of growth? You also said that operating cash flow should become positive after 1 year, so would it be required if—

Management: After that, it should not be required because we have expanded our growth and product range across utilities according to our requirements. We should be able to continue growing through our internal profits from that range.

Ashish Soni: You were also discussing new product development. Could you explain that in a little more detail?

Management: Our VCB is currently almost at the approval stage. Once we have VCB up to 11 kV and 33 kV, we will gradually expand the range to 66 kV, 120 kV, and 220 kV. At the same time, we are planning RMU.

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For RMU, we will initially plan for 11 kV and 33 kV. We are also focusing on the transformer industry, where we can provide a complete compact transformer to data centers. A complete compact transformer also requires VCB, RMU, bus ducts, and several other products, with dry-type transformers at the end.

If we can also manufacture those products in-house, we can offer a proper integrated solution to a customer. We will work in a focused manner if we have approvals from a transformer company or if we can obtain the approvals ourselves. We have been working in this industry for the last 30 years, so we know many aspects of the business, including where we can proceed and how quickly we can do so. We also have technically proven staff, so this is the basis of our focus.

Ashish Soni: How will your product mix look across business lines over the next 2-3 years? Since you are also talking about data centers, what percentage could that become?

Management: We will also be supplying electrical products to data centers. Data centers require a large amount of uninterrupted power. They require transformers, VCBs, and several other electrical products. I am focusing only on electrical and utility products; for now, I am not entering a separate product range.

When I refer to railways or similar areas, our focus is to target the products that we are manufacturing.

Ashish Soni: Last year, particularly at the beginning of the year, you faced commodity-related challenges. Do you have any plan to maintain higher inventory or address this from an inventory perspective?

Management: The situation is becoming somewhat stable. Providing a large amount of inventory at the current rate is not my focus right now. Initially, we thought that the entire situation would have an impact and stabilize within 3 months, but that has not happened yet, so we are monitoring it.

At present, we are focusing mainly on electrical products involving copper and other materials. We can provide pricing that carries through the rate changes. When we are supplying at a particular point in time, if the LME rate is at a certain level and there is a fluctuation when the next supply is made, there is protection in the pricing, and we pass that through.

Our focus is to bring the current situation to a stable position and gradually begin reviving the market. In several places, approvals for revised rates are now starting to be received. People have understood that it is not possible to supply at the old rates, so they are considering how the material can be supplied. All parties are gradually focusing on this, and rates are also increasing. We will work by focusing on these revised rates.

Ashish Soni: You are targeting approximately 1,000 crores in 2 years. Do you foresee any risks or challenges in achieving this, and do you have any mitigation plan?

Management: The main risk would be if business opportunities do not expand in line with India's growth. However, work is also increasing in line with the growth in India, so we do not currently see any specific risk emerging.

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We need to provide products at good rates and proceed through the approvals stage without being affected by fluctuations in the market. We need to remain focused on the market and avoid decisions that could negatively impact the company in the future. We must ensure that we do not create any circumstances that could lead to the company being blacklisted.

We also need to provide better products accordingly. That is why we are proceeding in a stable manner with the complete product range.

Ashish Soni: All the best for the future, sir.

Management: Thank you.

Operator: Thank you, Ashish Soni, for the questions. We will take our next question from Nitin Verma. Please go ahead and ask your question, sir.

Nitin Verma: Can you hear me?

Operator: Yes, sir.

Nitin Verma: My question is regarding the Q1 update, in which you posted revenue of approximately 88 crores. Was Q2 better than Q1, or how did it perform?

Management: It was somewhat better. We cannot say it was as good as our expectations because our expectations were somewhat higher. We had expected the fluctuations to stabilize, but overall, it was still better than Q1.

Nitin Verma: It is better than Q1, which is good. My second question is that you were talking about transformers and other products for data centers. Will transformers be a new product line for us?

Management: Correct.

Nitin Verma: Okay.

Management: Primarily compact transformers, sir.

Nitin Verma: Okay, thank you for this information. That was all I wanted to ask. Thank you very much.

Management: Thank you.

Operator: Thank you, sir. We will take our next question from Simer K. Please go ahead and ask your question.

Simer K: Hi, am I audible, sir?

Management: Yes.

Simer K: First, thank you very much for giving us this opportunity. You mentioned that you want to become an end-to-end solutions provider. I think this is related to electrical—

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Operator: Sorry to interrupt, Simer. Your voice is slightly muffled. Could you please speak louder or use a headset?

Simer K: Is it better now?

Operator: It could be a little louder, sir, but—

Simer K: You mentioned that you want to become an end-to-end solutions provider. I would like to know how long this will take and in how many years you want to achieve it.

Management: Basically, we should be ready primarily for 11 kV and 33 kV this year. That is the way we are currently targeting it. After that, we will assess the additional ranges that we need to provide. We should be able to provide 11 kV and 33 kV within this year.

Simer K: You were talking about 66 kV and 120 kV, where the margins are higher.

Management: We are planning 66 kV for next year and 120 kV after that. We will increase the range gradually because the laboratory capabilities also need to be expanded. When you work technically, if you have proven yourself in 33 kV, it is easier to move up to 66 kV. It is better to proceed step by step.

Once we are successful in 11 kV, we can work on 33 kV, and we can work on 11 kV and 33 kV together. When we move to 66 kV, our range expands. We are taking some time for this. We expect to work on 66 kV and 120 kV together after that.

Based on the situation, we have also planned the Nasik plant accordingly, so that we can develop these products there. We will plan this for next year. For now, our focus remains on 11 kV and 33 kV because there is already substantial distribution work in these segments.

Simer K: Is this {? CY 27 ?}, or are you referring to FY28?

Management: I beg your pardon?

Simer K: I mean, are you referring to the next financial year, FY28, or calendar year 2027?

Management: The upgradation will begin in the next financial year. For now, we are mainly working on VCB. We had planned an RMU for next year, but given the market demand and our ability to provide it, we are focusing on it and gradually obtaining the approvals.

Several of our products are currently in the approval stage. Most of the VCB approvals should arrive from approximately October onward. After that, we will work on the next plan. If a company joins us in this area, we will work on that product range with the company, or we will work with a company that already has the approvals, learn from that arrangement, and then create our own development stage.

Simer K: You mentioned a joint venture at the beginning, and said that after that you would develop your own product. If you are entering into a joint venture with a company, would that company have any issue with you eventually launching your own product in the same industry?

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Management: There is sufficient workflow in the industry. If the joint venture performs well, we may not need to think about anything separately. However, we also need to develop our own brand. Accordingly, every business requires a step-up. If you are working with someone, you also need to grow and expand yourself, so we work in a focused manner across several areas.

In any industry, there is no situation where someone considers it a problem if another participant grows and moves ahead. This is a positive environment in the industry. Everyone can enter these segments, and we can work accordingly.

Simer K: I think my question was slightly different. If you enter the same industry as the partner with whom you are forming the joint venture, would there be an overlap?

Management: I understand. Right now, the position is similar with several companies. I am explaining the industry to you. Sometimes a partner may feel that way, but partners also work with us in a positive manner. If I can manufacture a product, the partner also understands that there may be such possibilities in the future.

At times, the market situation is such that everyone needs to enter a particular range and reach a particular stage. There is generally no issue with growing. Every year, the companies provide clearance. If I want to continue after 1 year, I will have my own decision and the partner will have its own decision, so there is a plus-or-minus situation on both sides.

Simer K: There is no clause in the contract stating that you cannot enter the industry for a few years, which could lead to litigation against our company in the future? That is my only concern.

Management: No, that does not happen here. The industry does not operate that way. Approvals are granted to each other for 1 year at a time. After that, both parties decide every year how to continue, and we focus accordingly.

Simer K: One final question. You mentioned that there has been raw-material volatility, and you are currently bidding for contracts. Are these long-term contracts, or will they remain short-term, given that you understand the geopolitical situation could change at any time?

Management: Yes, that is why we are keeping the value of the orders lower. Right now, we are obtaining month-to-month clearances. If you look at our initial position, I had entered several orders together because I had a substantial order book.

Neel Niteshbhai Shah - MD & CFO: We were proceeding on that basis, but as the situation continued to deteriorate, we began taking month-to-month variations. If I have an order, I will now obtain clearance only for 10 crores or 15 crores, which I can supply within 1 month. After that, in the following month, I will again operate on the same variation basis.

We are currently not entering into the long-term contracts that used to run for 7-8 months. We are bidding for some smaller contracts where we obtain a range for profitability and variation. Otherwise, we are not currently bidding for contracts with such long durations.

Simer K: But this is deliberate on management's part, correct? At present, this is being done from your side?

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Neel Niteshbhai Shah – MD & CFO: Yes.

Simer K: Alright. Thank you very much, sir, and all the best.

Neel Niteshbhai Shah – MD & CFO: Thank you.

Operator: Thank you very much, sir, for the questions. I request participants who would like to ask questions to raise their hands or put their questions into the chat box.

We will take some questions from the chat box. The question from Vikas Rohira is: "What is the total order book as of today, and what is the execution timeline? If you have already answered this, sir, we can skip the question."

Neel Niteshbhai Shah – MD & CFO: Basically, our order book currently stands at approximately 150–200 crores, or around 200 crores. However, we are currently taking orders through the approval stage because orders are received, but if there is a rate fluctuation and the approvals are received at that rate, we will complete the orders. Otherwise, new orders where our profitability will not be impacted as much will be executed first.

As a company, I am working with customers from whom I receive higher profit and payment security. Regarding the remaining order book, the situation is such that we are proceeding through a standardized system. Right now, we are not taking very long orders on a composite basis. Our focus is on electrical products, where we are also submitting tenders and executing work, and where we can obtain rate variation protection going forward—

Operator: Due to some issue, I think management is facing a network issue. I request participants to remain on hold. I will reconnect with management. Hello? Yes, sir. Hi, Neelay sir.

Neel Niteshbhai Shah – MD & CFO: Yes. Basically, our situation is currently varying according to the order book. We are creating new orders where we can obtain protection against rate fluctuations. Accordingly, our new order book will be created, and we are not focusing as much on composite products; we are focusing on electrical products. Is it audible?

Operator: Yes, sir. You are audible. Yes, clearly, sir.

Neel Niteshbhai Shah – MD & CFO: Accordingly, our order book is moving up and down, and we are varying it on a month-to-month basis.

Operator: Understood, sir. We have some questions from participants who were unable to join the call.

Approximately 60% of our business comes from government utilities. Regarding the {? 237 crore ?} order book that you had previously guided for, 120 crores comes from CT and PT and 80 crores from bus ducts. Can you provide the share of the top 5 customers and the DISCOM-versus-private-EPC split? Do we have resilience in repeat customers, and how much would that be?

Neel Niteshbhai Shah – MD & CFO: Repeat customers account for approximately 100% of our business. We regularly retain repeat customers for the long term. Our supplies are not limited to a

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single year; we continue supplying them regularly.

For example, we work with Lloyd, Adani, Reliance, Tata Power, and several other companies that operate in utilities and EPC. We are focusing on these customers and working with them. I cannot provide the complete product range and customer list at present because we do not disclose all our customers.

In utilities, we work according to the approvals and tenders that we obtain. Right now, we are focusing primarily on Maharashtra, Uttar Pradesh, and Gujarat. In the other locations, we systematically introduce products on a product-by-product basis. We work directly only where we believe there will be a good margin, a proper system, and secure payments.

Operator: Can you provide the percentage split between government and—

Neel Niteshbhai Shah – MD & CFO: We work in approximately the same range. The ultimate end user will generally be the government, but we focus on areas where we receive proper margins and other commercial benefits.

Operator: Understood, sir. One question from Manoj Kulchandani in the Q&A chat box is: "What are the margin growth and TAM in sheet molding compound switchgear? How much of the order book is in this product to be executed, and over what period? What growth do you see going forward, given that GIS is preferred globally because of its lower footprint and lower maintenance cost?"

Neel Niteshbhai Shah – MD & CFO: I beg your pardon. I am not understanding your question properly.

Operator: I will separate it into 3 questions, sir. The first was: "What are the margin growth and TAM in sheet molding compound switchgear?"

Neel Niteshbhai Shah – MD & CFO: First of all, it depends on what product you are manufacturing and how you are manufacturing it. If you are manufacturing switchgear products using compound materials, we generally target an EBITDA margin of approximately 15-20%. However, it also depends on the product range you are manufacturing.

Whether you are manufacturing for HV, LT, or household applications, and the range in which you are manufacturing, all affect the margins. The outcome depends on all these factors. We target maintaining an EBITDA margin of 18-20%. Going forward, as we move into products involving fluctuations in the HV and high-tension segments, our profitability should improve.

We are gradually progressing in that direction. Based on the FSP and MSP products and other products that we are currently manufacturing, our profitability should continue to improve. However, we cannot provide a precise figure because this is a somewhat volatile market, and the volatility can sometimes have an impact of 1-2%. The impact is not more than that.

Material availability is important, and if we work with the proper range, we should be able to maintain this profit range in the compounding business.

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Operator: Understood, sir. How much of the order book is in this product, and what would be the execution period? Also, what growth do you see ahead in GIS, which is preferred globally because of its lower footprint and lower maintenance cost?

Neel Niteshbhai Shah – MD & CFO: For switchgear, our order book may have a longer duration. If you are referring to compounding, our focus depends on the situation. Right now, we are holding orders worth only 20–25 crores in compounding because of material fluctuations. We clear these orders in approximately 2 months.

We want to clear all the orders within 2 months because the fluctuation is high, and we do not currently want to extend the execution period. We continue to receive clearance for new orders. Once these orders are completed, if the new rates have fluctuated, we will carry forward the rates accordingly.

From last year until now, our rates have fluctuated by approximately 30–40%. Therefore, we do not take on a very large volume at one time. We vary the orders on a month-to-month basis. It will depend on the situation, and we will work accordingly.

Operator: One question from our side is regarding the plan to increase SMC capacity to more than 6,000 tons and add another 300 tons of FRP capacity. What FY27 capex should we expect? What would be the budget, how would we fund it, and what would be the sources of funding? Also, can you provide the timeline for the CRISIL fund monitoring agency report?

Neel Niteshbhai Shah – MD & CFO: We have almost finalized the order for a 2,000-ton machine. We have already paid an advance, and there are still some pluses and minuses in the design regarding the required bed size and other specifications.

This is a plan that we had already included in the current funding. In addition, we had planned the dies, and several of them have already been manufactured and received. Approximately 30% of our dies are still pending. Their completion will depend on the finalization of the designs and the station at which we need to operate.

Our focus is on 2 ranges: railways and electrical utilities, and we are approaching them in different ways. We have been planning the complete funding for this since the IPO. I had initially mentioned a 1,500-ton machine at the time of the IPO, but given the way our business is growing, we are now focusing on a 2,000-ton machine.

We will provide the 2,000-ton machine. Regarding the FRP capacity, we had already included 5 or 7 machines in the plan, and 3 machines have already been ordered. However, we slowed down the process somewhat because the market was fluctuating and a new location was being developed.

We had planned to develop the location in Ahmedabad from August onward, but the process is taking somewhat longer and will require another 1–2 months. After that, the machines will be installed. The 2,000-ton machine should arrive by approximately December, or by the end of December. The entire plan is progressing accordingly, and everything is currently at the design approval stage.

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Operator: Understood, sir. If you can provide it in percentage terms, what growth should we expect on a year-on-year basis?

Neel Niteshbhai Shah – MD & CFO: Right now, we are focusing on next year because the market is currently fluctuating. Our forward focus is to plan year by year according to our targets.

In the third year, our target will be revenue of 1,000 crores while maintaining a 10% EBITDA margin—sorry, a 10% PAT margin. That is our target. However, we will approach it in a focused manner and proceed year by year.

First, we want to achieve growth of more than 40% this year compared with last year. We want growth of more than 40%, and we expect the same to continue next year because the electrical sector is currently expanding rapidly and experiencing a significant boom.

A substantial amount of work is emerging, which is why we are also remaining in expansion mode. The work is available now, so we want to work on it and build our position in the electrical industry for the next 10 years. Whether it is AI, data centers, or anything else, none of it can operate without electrical infrastructure. You need non-interruptible electrical power.

Whether it is renewable energy or any other source, it also needs to be distributed. If you establish a complete renewable-energy setup at one location, you still need to supply power to it. If you introduce a drone system or anything else, you still need to establish a power distribution system somewhere. Therefore, a substantial amount of work will emerge for everyone in this sector over the long term.

Going forward, India also needs to enter several product ranges according to its requirements. We are also developing the complete manufacturing setup. For example, the chips being manufactured here are also being produced domestically, and they require a substantial amount of power. If individual plants are being established with requirements of 5,000 kW, 6,000 kW, or 5 MW, they will need power in that range.

Therefore, there is still a substantial amount of work to be done in India. The long-term vision is positive, and for the next 10 years, we should receive significantly more work and workload.

Operator: Understood, sir. We will take our last 2 questions from the chat box.

The first question is from Uttam Purohit: “With the planned capex, what could be the peak turnover that the company can achieve? Which segment or product could be the major growth driver? What could the margins be?”

Neel Niteshbhai Shah – MD & CFO: The major growth driver will be electrical products, and ultimately most of our business is moving toward electrical products. If you look at our complete product range, starting with meter boxes, the focus is on electrical products.

Electrical is our primary focus because we have been in this business range for the last 30 years, so we understand how to expand the product range. As we move into HV and high-tension products, our profit will also improve.

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Electrical will be a major segment in our industry. We will be able to provide proper power through a proper system, so it will remain a major focus. In addition, in our SMC composite business, we will focus primarily on creating a premium product range that we can supply to organizations such as ISRO and the railways. We plan to increase our EBITDA margin from 20% to 25% through these products.

We are also planning such a product range. Technically, this is the direction in which we are moving because composite products are replacing metal in several areas. With the ongoing electrification and the focus on safety, composites perform considerably better. They are also lighter in weight, and—

Management: They provide strength in a manner comparable to metal. This can involve carbon fiber or glass fiber, and both are manufactured in a similar manner depending on how you want to make the product.

Going forward, if you look at missiles, several products are made from composites. Even tanks are being made entirely from composites. Companies such as L&T, L&T Defence, and Tata Defence are already working in this area. Several product ranges are being created in composites by replacing metal, and the impact is already visible. Several of our defence systems are also currently using this technology.

Operator: Understood, sir.

Management: This is a large business opportunity, and the range is also considerable. We are focusing primarily on utilities, but composites are a separate area where we are manufacturing several products and where our profitability should be better.

Turnover will not be the primary focus in that segment. Our turnover focus is on areas where we can capture low-hanging opportunities, establish a market position, and create an impact. We will work in these 2 ways.

Operator: Understood, sir. That answers the question. As there are no further questions from the participants and no hands raised, we can conclude the call.

Thank you very much for sparing your time and sharing your insights about the company. If participants have any further questions or doubts, they can get in touch with the team at Arihant Capital or with the team at Indo SMC. Thank you very much, sir. Have a great day.

Management: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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