Operator: A very good evening, ladies and gentlemen. On behalf of Hem Securities Limited, we warmly welcome you to Samriddhi Season 3: Caravan of New India, our virtual corporate access and investor connect initiative featuring emerging listed companies across high-growth sectors. We are delighted to host today's webinar session with E to E Transportation Infrastructure Ltd. E to E Transportation Infrastructure Ltd. is a technology-backed railway system integrator and OEM focused on railway safety, signaling, automation, electrification, and integrated rail infrastructure solutions.

The company has established capabilities across signaling and telecommunication systems, metro systems, private railway sidings engineering design, and life cycle railway maintenance solutions. The company is positioning itself as a full-stack railway intelligence and safety platform with a growing focus on indigenous railway technologies through its Nova platform and Kavach-related initiatives. E to E Transportation Infrastructure Ltd. has built execution capabilities across Indian Railways, metro projects, private industrial rail infrastructure, and international markets with a presence across multiple geographies and marquee clientele.

Joining us today from the management team is Mr. Swarajit Mukherjee, Whole-time Director and CEO, along with Ashwarya Sajeesh, CEO. We will commence the webinar with the opening remarks and the company presentation by the management team, post which we will open the floor for an interactive Q&A round where the management will be glad to respond to investor queries.

Before we proceed further, I would like to read the standard disclaimer. There may be forward-looking statements about the company and the business operations which are based on the belief, opinion, and expectation of the company's management as of the date of this webinar. The company does not undertake any obligation to update forward-looking statements to reflect future events or circumstances. These statements are subject to risks and uncertainties which may cause actual results to differ materially from those expressed or implied. Participants are therefore advised not to place undue reliance on such forward-looking statements. With this, I now hand over the session to the management team of E to E Transportation Infrastructure Ltd. Over to you.

Management: Thank you. Good evening everyone and thank you for joining us today. We appreciate your time and continuous interest in the company. Before getting into the detailed performance, let me briefly set out the context for where we are as an organization today.

Over the last few quarters, our focus has been on strengthening execution while simultaneously building long-term technology capabilities. Execution continues to be the backbone of the business, but now we are consciously moving towards a more platform-led and product-driven approach, which we believe will define the next phase of our growth.

With that context, let me walk you through some of the very key developments which happened recently. We are currently operating with an order book of approximately 1,000 crores, which includes GST, providing strong visibility on the execution and revenue model over the coming period. This reflects both the scale of opportunities which we are handling and the growing confidence the customers have in our capabilities.

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To give you very recent news, we participated in the IRSE conference and convention in Delhi, which is a key global forum for railway signaling and safety. At that particular event, we showcased our wholly-owned subsidiary Nova Control Technologies' capabilities in safety-critical systems and the progress we are making beyond Kavach. A key highlight was the introduction of Nova Raksha, which we are developing through Nova Control Technologies in collaboration with Tata Elxsi.

Nova Raksha is being built as India's first indigenous safety-critical SIL 4 common safety platform. The philosophy behind this platform is very simple: you need to certify once and build many products. Instead of designing each system independently, we have created a common SIL 4 computing platform where you basically provide the middleware and application logic based on the specific railway requirements or application type.

This significantly reduces the development and certification timelines while maintaining the highest level of safety and integrity in terms of the robustness of the hardware and the software. Most importantly, it also enables a platform-led product strategy. On top of Nova Raksha, we can develop and commercialize a full family of products, starting with the flagship Kavach 4.0, but extending to interlocking platforms, axle counters, DPWCS, and TCMS for locomotives. It can also create future pathways towards European Train Control Systems and Communication-Based Train Control (CBTC) systems.

By standardizing the hardware and building on a reusable safety foundation, we are able to reduce input costs, improve scalability, and minimize long-term supply chain risk. Every new product now becomes an evolution of a proven platform rather than a ground-up development, which significantly reduces go-to-market timelines.

In line with this direction, E2E Rail is planning to invest around 100 crores in Nova over the next few years to accelerate product development and strengthen our capabilities in this space. That might also include selective M&As for technology-driven product companies. Kavach 4.0 was an important starting point for us, but we are now building a broader and more scalable technology platform. We were also recognized at this conference with an award for our work on Kavach modernization and OT cybersecurity integration for railway safety systems, which is a strong validation of the approach we are taking towards creating this modern safety-critical platform.

If you look at our journey and what E2E Rail represents, we call ourselves India's only full-stack railway safety and intelligence platform. The evolution was very intentional. We have been steadily moving from a conventional system integrator to building a much more integrated and differentiated railway platform. Today we are combining execution capability, engineering depth, product development, and life-cycle services under one umbrella.

This is important to note because the railway industry traditionally operates in silos. You have OEMs, system integrators, EPC players, and operation and maintenance teams as separate sets of companies. We are trying to build E2E Rail as a platform that brings all this together. At a higher level, our structure rests on four distinct pillars: our system integration business, our engineering and design capabilities through our business unit called EDRC, our technology platform Nova, and our operation and maintenance business.

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This combination is very rare across the Indian railway value chain and we believe it gives us a meaningful long-term advantage in execution control, margins, and customer stickiness. This is an evolving journey, and we see ourselves reaching maturity in all four pillars over the next 3 years. This is where scalability and margin expansion will be driven.

The broader industry is moving in a direction where this kind of integration matters much more. We are seeing a clear push towards safety, automation, indigenous technology, and intelligence infrastructure across Indian Railways. Companies that combine design, product, execution, and life-cycle support will be best positioned to capture the enormous opportunity offered by the Indian railway industry.

Our 16-year growth journey began in 2010. The company started as a design engineering company, doing design engineering for technology-driven systems overseas for partners like Alstom and Siemens. Gradually, we moved into the system integration business and finally into products. The entire life cycle and value chain of the railway is now covered.

On the domain side, we are primarily a signaling and telecommunication flagship company. However, with railway requirements involving overhead electrification and composite projects, we have added civil expertise as well. Across the value chain, we do signaling, telecommunication, overhead electrification, and composite projects. Our Engineering and Design Research Center support each domain, providing expertise to expedite projects and ensure efficient, quality-controlled delivery.

We cover the end-to-end value chain from design to execution and maintenance. We cover the entire life cycle of railway infrastructure, from designing a yard or a modern network to executing it, providing the products, and finally maintaining it. We have two primary verticals, B2G and B2B. We have an interesting mix of private sidings. In India, railway private sidings are critical as plants, ports, and logistics parks connect to dedicated freight corridors. Raw material movement must be done through rail to decrease carbon footprint and increase efficiency. Railways are the fastest, cheapest, and greenest media to transport passengers or goods, and process plants are focusing on modernizing their yards. India has more than 1,200 railway sidings. Previously, local players dominated small works, but with the modernization impetus, private sidings are raising the bar with significant capex spending. We have more than 25 private siding projects, including 18 from the Adani Group alone.

While B2G provides our main scale, B2B is where the cash conversion cycle is faster. This helps balance our act in terms of operating cash flow. EDRC is instrumental because signaling is knowledge-driven and technically complex, requiring significant engineering depth. We have more than 60 engineers dedicated to these designs. Nova is our latest technology platform. We serve all railway markets from metros to main lines and private sidings. We also have international aspirations, aiming to enter global markets through our product development. The Nova Raksha platform has been developed with international standards in mind.

From a performance standpoint, the current order book is 1,015 crores. FY26 was a strong year for us. We closed with revenue of around 380 crores, which is a growth of more than 50% year-on-year. Our EBITDA is around 39.5 crores and PAT was approximately 17.9 crores on an adjusted basis. This growth came alongside capability building, including our IPO, ERP

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implementation, investments into Nova, and strengthening our organizational structure. We have already added more than 450 crores in orders early this year, setting us on the same growth track.

Addressing the cash flow, the receivable position in the year-end balance sheet was largely timing-related, as execution and billing were concentrated toward March. Structural delays in order book accumulation meant billing occurred heavily in February and March. This is not a structural issue; collections have started normalizing. We have collected over 120 crores in the last 60 days and expect to reach 150 crores by the end of this month. We expect this to smoothen further as the year progresses.

From a balance sheet perspective, we remain disciplined. Our debt-to-equity is around 0.68 and ROCE is about 17%. We see FY27 as an important execution and scaling year. We target maintaining growth momentum in the range of 40-50% while keeping margins stable. Regarding Nova, we received the CCA certification in May and are proceeding with prototype testing with RDSO. By the end of this year, we expect to reach the developmental vendor stage, allowing us to bid for approximately 20% of all available Kavach orders.

The timeline for Kavach 4.0 development includes field trial orders in September 2026, the prototype in December 2026, and the first commercial orders by January 2027, with final field trials completed by the following April. We are moving faster than others because we built a generic product platform where Kavach is one part. We are working with stable RDSO specifications, avoiding the reiterations others faced. As a system integrator, we have the know-how to handle roll-outs and anticipate field trial issues.

We are also evaluating international opportunities across Southeast Asia, Middle East, and Africa, though we are being measured given global volatility. Our long-term vision is to build a technology-led railway platform combining product ownership, execution, and life-cycle services, scaling into a 1,000-crore plus revenue business over the next 3 years. We want to build safer, smarter, and more efficient railway systems. I will now open the floor for questions.

Operator: Thank you, sir, for that insightful presentation. We will now begin with the question and answer round. The first question is, could you please share the order book breakup?

Management: The order book breakup is in the presentation. Indian Railways is approximately 71%, B2B is about 27%, and we have orders for EDRC from OEMs for the remainder. Detailed customer information is also available.

Operator: Do we need to go for a fund raise, as working capital and Nova funding will require significant funds?

Management: At this point, we are not looking at a typical fund raise for equity. We are well-leveraged with the equity money raised in January and supplemented with debt, which is sufficient for growth over the next 2-3 years. Financing for Nova will come through internal accruals and a mix of financial engineering.

Operator: Are we only eligible for 20% of the total Kavach orders?

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Management: At this point, yes. Once the prototype is cleared and field trials are completed, we will be eligible for 100%.

Operator: Is there seasonality in our business? How will H1 and H2 be?

Management: There is seasonality. The railway industry is inherently seasonal and back-ended. Execution intensity, billing, and customer certification are heavily concentrated in the second half, particularly the last quarter. Expenditure also accelerates then because railways must exhaust their budgets. In FY26, this was amplified by delays in certain Letters of Award (LOAs). This year there will be seasonality, but the effect will not be as extreme as last year.

Operator: What are the total locomotives in Indian Railways and how many tenders have been published?

Management: There are currently around 20,000 electric and diesel locomotives in the system, with 1,200 locos added per year. Additionally, there are Vande Bharat trains and EMUs. About 15,000 locomotives have been tendered so far. However, tendering does not always mean immediate execution. Two years ago, 10,000 loco orders were given and 8,000 were re-tendered because timelines were not met. We anticipate continuous requirements, and there is a 30-40% probability of existing tenders coming back into the system in the next 8-9 months.

Operator: Please elaborate on Nova's commercial structure with Tata Elxsi. Is Nova a subsidiary? What is the ownership structure and the profit sharing arrangement?

Management: Nova is the OEM for Kavach and is a 100% wholly-owned subsidiary of E2E Rail. We have a strategic alliance with Tata Elxsi with a definitive royalty sharing arrangement for co-development. However, the IP is 100% owned by Nova.

Operator: What risks do you see in our business? Can railway expansion be slower than what the government envisioned?

Management: Railways is currently a sunrise industry. If the Developed India program is to succeed by 2047, railway infrastructure development cannot slow down. Railways are the fastest and cheapest transport medium. The freight share has grown from 17% to 21%, with plans to reach 43%. With increasing population and urbanization, railway development is essential for India's growth. We do not see any slack in growth.

Operator: Our H1 FY25 results were negative. Was this due to seasonality or structural factors? Should we expect this trend to continue?

Management: As mentioned, railways is structurally a seasonal business. Overheads are built toward full revenue scale, so the seasonality effect will continue. If you look at our journey over the last 4 years, H2 consistently makes up for H1 as the order book is delivered.

Operator: Is it safe to assume our 50% growth rate can be sustained?

Management: Absolutely. With our robust and accumulating order book, we aim to sustain or even exceed our past growth rates.

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Operator: How do you foresee the O&M business? How big is the addressable market and will it expand the bottom line?

Management: O&M will be a margin lever. Railways are moving from response-driven maintenance to predictive maintenance. The work we are doing in Nova regarding diagnostics and asset management will increase the scale of O&M. While it is a slow-moving part of infrastructure, product-related O&M provides annuity-driven business, which should be a margin lever over the next 3 years.

Operator: What is the sustainable margin for the current business?

Management: While we are evolving and before product commercialization, we will operate in the 5% PAT zone for about 3 years. Once Nova products are commercialized and levers in EDRC and O&M kick in, we see ourselves reaching a sustainable 7-8% PAT level.

Operator: What can margins look like for Kavach?

Management: I won't give a concrete figure, but current Kavach players show significant margins, often in excess of 30%.

Operator: How much have we spent on Nova development?

Management: The investments committed for Kavach development are currently in excess of 30 crores.

Operator: After Kavach approval, how will margins and the revenue mix change?

Management: I addressed margins previously. For a 1,000-crore revenue target in FY29, the mix would be roughly 200-250 crores from Kavach and related products, 500 crores from B2G, and 250 crores from B2B.

Operator: Is there an impact from Middle East disruptions on raw materials?

Management: Signaling business is affected by volatility in copper and PVC. However, most of our contracts have price variation clauses, so we are protected against these fluctuations.

Management: To add to that, we had some impact in March because of the timing of billing concentration while prices were rising. We will receive the price variation compensation later. Structurally, our contracts protect us from sudden fluctuations.

Analyst: Looking at other Kavach companies, margins look quite volatile, ranging from 15% to 45%. Is this the nature of the business or company-specific?

Management: I cannot comment on other companies, but we expect to have a sustainable margin for Kavach.

Analyst: What can be our peak debt?

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Management: Peak debt depends on the order book execution. Our debt-to-equity is currently 0.7. Even with leveraging, we maintain a healthy ratio. It is a mix of financial engineering and addressing working capital by increasing the B2B share. We want to maintain a debt-to-equity ratio between 0.6 and 0.8.

Analyst: A lot of players are entering the Kavach space. Will margins take a hit due to competition?

Management: There is enough market available. While many have applied, the journey of a signaling product and system integrator is different. Rolling out and maintaining a system is a different ball game than just getting orders. I do not foresee a large change in the margin profile.

Analyst: The gross margin in B2G is listed as 60%, while B2B is 12%. What creates this difference?

Management: 60% sounds like an error in the presentation. I will check and revert on that.

Analyst: Can you throw some light on gross margin percentages from various segments?

Management: Generally, B2G gross margins are around 17-18%. There must be a typo in the earlier figure. B2B is around 12%. We get better rates in government work, but the working capital cycles differ. B2B payments return within 30-45 days, whereas B2G takes 80-90 days. Ultimately, the PAT margins become similar.

Analyst: Can you elaborate on the 15 players in your peer group and their current status regarding prototypes and orders? How will E2E have an edge?

Management: We have an edge as the only system integrator among those 15 players. We have no dependency on others to execute, and we understand subsystems and failure scenarios better. We have designed our platform to international standards in collaboration with Tata Elxsi. Currently, three companies are approved, two are at the field trial stage, and the rest are in the prototype stage.

Operator: Thank you. That was the last question. In case of further queries, participants may reach out to us at ipo.mumbai@hemsecurities.com. On behalf of Hem Securities Limited, I would like to sincerely thank the management team of E to E Transportation Infrastructure Ltd. for their time. I also thank all investors and participants for joining today's session of Samriddhi Season 3. We will now conclude this webinar. Thank you and have a great evening.

Management: Thank you so much.

Management: Thank you.

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