



**“Subros Limited
Q1 FY2023-24 Post Results Conference Call”**

August 08, 2023



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Moderator: Ladies and gentlemen, good day and welcome to the Subros Limited Q1 FY2024 post-results conference call hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participants' 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Thank you and over to you Sir!

Annamalai Jayaraj: Thank you Lizaan. On behalf of B&K Securities welcome to Subros Limited 1Q FY2024 post-results conference call. From Subros Limited management, we have with us today Mr. Parmod Kumar Duggal, Chief Executive Officer, Mr. Hemant Kumar Agarwal, Chief Financial Officer and Vice President Finance, Mr. Sukbhinder Singh Gill, AVP Finance. I now hand over the call to Mr. Parmod Kumar Duggal for the opening remarks to be followed by a question-and-answer session. Over to you.

Parmod Kumar Duggal: Thank you Jayaraj. Good evening, ladies and gentlemen. A warm welcome to you for Subros investor call for Q1 FY2023-24. Q1 of FY2024 has been a very mixed realization for us. This quarter says less than the plan because few OEMs continue to face electronic component shortage particularly in the models witnessing high demand. The company has clocked a sales of Rs.694 Crores. This is a 13% growth in automotive segment whereas an overall revenue, there is a 2% degrowth mainly contributed by home-AC segment where sales are muted because of climatic conditions. There is a positive trend of profitability improvement, though there is a small improvement. In addition to that, a significant development in the industry, I need to update. The recent government initiative with an announcement of mandatory truck cabin for N2N3 vehicle categories and to be air conditioned. The future of air conditioning of truck cabin is necessary for providing comfortable working condition for the truck driver, thereby improving their efficiency and addressing the problem of driver's fatigue. This notification was originally notified in 2017 with the date of implementation of January 2018 wherein air conditioning for end-to-end category was made mandatory. However due to OEM representation, it was diluted to blower or air conditioning as optional. Now we welcome government initiative to revise this notification. At the current situation since the supply to N2N3 categories of the truck, so the estimated volume of this category will be approximately 4 lakh trucks so estimated market size would be around Rs.400 Crores to Rs.450 Crores. Since Subros was preparing for this implementation since 2018, our product range is almost ready and our engagement with all major OEMs is already there. A few customers have already started AIRCON fitment in the truck as optional market. So far, it is successful because gradually this



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percentage has increased from 4% to almost now 11% to 12%, so this would be incremental business opportunity for the company and we will update the progress in the subsequent quarter.

Coming back to the results for Q1 FY2023-2024, we have shared this result with the stock exchange and also posted on our website. Let me elaborate these results one by one. First I will update about the industry relevant for our business. In this quarter, passenger vehicle industry had shown a growth of 7% on production basis as compared to the corresponding quarter of the last year whereas Subros CV segment product growth in Q1 is 9% in comparison with the corresponding quarter of the last year. So our performance is slightly better than the industry performance mainly because of the model mix. Commercial vehicle bus is also improving because of the tourism sector and public sector revival. Basic AC fitment ratio in buses has also improved. Industry has shown a total growth of 46% on production basis in comparison with the corresponding quarter of the last year. Our growth in this segment is around 11% as compared to the last year. Further commercial vehicle truck N2N3 category, the industry has shown a negative growth of 4% in Q1 as compared to the corresponding quarter of the last year and we also followed the similar trend as compared to the last year. In home-AC space, we have muted our effort for home AC products, business expansion just because of very high impact of the commodities, which was not compensated by our OEMs, so we were going slow on home AC order booking and unfortunately this year, the climatic condition is also not favorable to this industry and most of the OEMs have ended up with a huge stocks in their warehouses. So during the quarter, total turnover realized from home AC is just Rs.2.2 Crores and we will be watchful for the softening of commodity prices before we aggressively pursue this business again. As I mentioned, revenue from operation is around Rs.694 Crores in this quarter as against the corresponding quarter of Rs.708 Crores overall 2% negative growth here. Our share of business in passenger vehicle air conditioning market is retained 40% and share of business interest market has improved by 1% now 43% as against 42% last year and bus AC segment also we retained the share of business at 20%.

Now I will talk about the operational performance. Profitability has improved a bit as compared to the corresponding quarter. There are continued challenges in the supply chain due to the global increase in demand, which has started experiencing in the last two years. Commodity prices and logistics escalation and foreign exchange escalations had impacted on the margins in previous few quarters though the trends have started softening and which has started reflecting in our financials also. The company has realized EBITDA of Rs.48.8 Crores in Q1 as against EBITDA of Rs.45.35 Crores in corresponding quarter so if we compare EBITDA with the corresponding quarter of the last year, it has improved by 8%



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and if we compare as against the previous quarter Q4 of FY2022-23, it is lower by 14% mainly because of one-time other income book in Q4 of FY2022-23. Profit before tax in Q1 FY2023-24 is Rs.19.78 Crores, which is 2.86% of the net sale and this has improved by 14% as compared to the corresponding quarter. Profit after tax in Q1 FY2023-24 is Rs.13.43 Crores which is 1.95% of the net sale and this has also improved by 18% as compared to the corresponding quarter. So overall company revenue of Rs.693 Crores, EBITDA of Rs.48.8 Crores, PBT of Rs.19.78 Crores and PAT of Rs.13.46 Crores during the Q1 FY2023-24.

Now update on the business side, as I mentioned Q1 FY2023-24 performance has started improving and registered overall growth in EBITDA, PBT and PAT even though there is a slightly drop in the sale. Our efforts are consistent to grow in double digit during the year and still our plans are aligned to that. We continue our effort in terms of improving the margins through the localization and cost efficiency improvement and we will try to recover this very quickly. Localization focus to release ourselves from the global cost pressure, I have been updating the forum for last few quarters. It has started improving. Now 16% of our total revenue is the import content and we have a target to bring it below 10% in next two to three years' time. There is a significant success in new business from our customers. Our business lineup for up to 2025 is almost completed and this will ensure our sustainable growth in future. Thermal business in alternative fuel is our priority and we have secured business of almost 15% of our total turnover business coming from either hybrid or battery electric vehicle or CNG. A few new launches where we are part of supplies. Mahindra new tractor with a collaboration with Mitsubishi and M-Star tractor for the US Market SOP of M-Star has already started. The trial run for Mitsubishi tractor also started now, which will be in SOP in subsequent months. We have also started as SOP for Maruti Jimny in France from our Manesar and Gujarat plants and we see a very good response of these launches, which will help in growth journey for Subros. Product for EV thermal space for upcoming model of Maruti is also under development with the support of Denso and we also secured a major role in five business of Mahindra & Mahindra future EV platform. These are four platforms for which we got the business, which has a value of approximately Rs.90 Crores per year, but it will be a gradual ramp up every year starting from 2024 next year, so for that SOP preparedness is also being done from our Pune plant. Thank you very much and now we are ready to take questions.

Moderator:

Ladies and gentlemen, we will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Aashin Modi from Equirus. Please go ahead.



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Aashin Modi: Thanks for the opportunity. My first question is regarding this truck AC thing so you have told that this will be a Rs.400 Crores sort of an opportunity industry size; could you please tell us given the current mix, what is the industry size right now and is there a scope of market share expansion if the industry shifts towards truck AC and also if you could help us understand the margin difference between blowers and ACs? That will be my first question.

Parmod Kumar Duggal: You have three questions. One is that what is the incremental market. Second is how this mix is going to be and third and how the margins are compatible realization, correct?

Aashin Modi: Market, so do we have a scope of market share includes increasing so we have around 45% odd in market share in trucks right now?

Parmod Kumar Duggal: Okay. As I mentioned, this overall industry would be around Rs.400 Crores to Rs.450 Crores by the time the SOP will be starting that is a full year of FY2025-26. Right now since the blower is mandatory and AC calibration as optional around 10%, so total market currently is around Rs.100 Crores to Rs.135 Crores so there would be incremental market of Rs.285 Crores to Rs.300 Crores as this notification will get implemented, so the early movement advantage for us is that out of this 15% optional share, which is currently nearly dominated by Tata Motor or Ashok Leyland or Mahindra, we have already product lined up and we are already supplying, so for these products the conversion would be from 15% or 10% AC penetration to 100%, so that would be incremental revenue for us. Second is switching to other customers who were not right now only on a blower so that engagement is also on and we are trying to give them off the shelf product so that the implementation can be faster. On the market side, since we are already at 43, we are intending to increase it to 50 plus as this the conversion will happen by January 2025 mainly because of the product availability and readiness, which is already planned few years back. So we are confident that we will be able to get up to that number as compared to marginal, so they are more or less compatible to passenger vehicle segment. There is no much difference because products are more or less similar. Only the size and the capacities may change based on the engine or cabin capacity, but otherwise they are compatible.

Aashin Modi: Okay thank you and my second question is regarding the gross margin. There is a significant improvement in our gross margin, so is there commodity price pass through and the another price pass through, which we were talking about are they more or less in or do we expect it to improve from here on as well?

Parmod Kumar Duggal: When the trends on the upside and we mentioned that since we are getting partial compensation or there is a lag or because of denominator or numerator remains same, the margins were almost shrinking at that time. Now since the commodity and forex sizes are



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softening, so that means the impact will be on the reverse side. Also the effort of first few from the period of last two quarters where we basically pursue this fast reduction has also contributed positively on that, so we see from here onward trend should be improving only.

Aashin Modi: My last question is regarding; we are building compressor for strong hybrid and EVs, is there any development over there because it is a higher ASP product compared to normal?

Parmod Kumar Duggal: Still this visibility is the ongoing because a very large investment and we have already engaged with the customer to finalize the specification because EV market in India is still evolving. Till the specification for vehicle segments are not very sure that engagement with customer has already progressed and we are trying to finalize this specification, which would be finally executed from 2026 onward, so based on the final configuration we will decide the product launch strategy. A discussion with Denso and Pico are on and we are progressing well on that so as and when we conclude officially on that we will update the market.

Aashin Modi: Okay. I will join back in the queue.

Moderator: Thank you. The next question is from the line of Abhishek from Dolat Capital. Please go ahead.

Abhishek: Thanks for opportunity. Can you provide the revenue break up in terms of the passengers vehicle AC, CV, radiator and home machine for the Q1 FY2023-24?

Parmod Kumar Duggal: Overall breakup of this broadly Rs.693 Crores, Rs.543 Crores is coming from passenger vehicle AIRCON, Radiator ECM is around Rs.100 Crores and the rest is from the other segments.

Abhishek: Okay and how much revenue was from the commercial vehicle, especially what was that categorization in terms of the CV in trucks and buses?

Parmod Kumar Duggal: Overall truck versus buses will be around Rs.30 Crores.

Abhishek: Okay Rs.30 Crores? As you mentioned that market size will be around 4.5 billion, is it for the OEMs only or what would be the aftermarket revenue if AC would be mandatory in the segment?

Parmod Kumar Duggal: Aftermarket is exclusive for that because there is no clarity right now for aftermarket retro pressure implementations, so if OEMs will be supplying the mandatory AC fitted cabins



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only or through crown as a separate kit. Right now aftermarket is not included in this projection.

Abhishek: Assuming your 50% market share we can expect around incremental anywhere of 2.25 to 2.5 billion FY2025-26, is it right?

Parmod Kumar Duggal: This would not be incremental because 450 would be the total market if we can take 50% to drive and right now also we are doing around Rs.50 Crores to Rs.60 Crores as part of the blower supply, so I will take incremental between Rs.150 Crores to Rs.160 Crores.

Abhishek: What would be the margin of this particular business?

Parmod Kumar Duggal: Similar to the PV, so it is comparable to the PV.

Abhishek: Is there any requirement for the capex for this business?

Parmod Kumar Duggal: No, it will not be a substantial capex. Investment has already been done. Very small capex of Rs.5 Crores to Rs.7 Crores to Rs.10 Crores will be only for the tooling development if required to execute the numbers.

Abhishek: During this quarter we have seen a very sharp jump in employee and other expenses; is there is any one off in this quarter?

Parmod Kumar Duggal: Which expenses you mentioned?

Abhishek: Employee and other expenses?

Parmod Kumar Duggal: Hemant can you update please?

Hemant Kumar A: Yes, can you repeat the question please.

Abhishek: In this quarter employee and other expenses has seen a sharp jump? Is there is any one off?

Hemant Kumar A: Sharp jump is because if you see the lower sales, which is contributing in terms of percentage and second is the heavy and light vehicles for the beginning of the year.

Abhishek: Okay, what kind of the employee expenses growth can we assume on the full year basis?

Hemant Kumar A: Is the question for the full year?



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- Abhishek:** For full year.
- Hemant Kumar A:** For the full year, the staff cost will remain in the same, 67 multiplied by 4 approximately Rs.250 Crores.
- Abhishek:** Okay so run rate will be sustainable.
- Parmod Kumar Duggal:** Abhishek, the point is that normally in employee expenses there are two variable elements. One is as the sales growth will happen there will be a certain direction for which will be directly proportionate to that and second between 8% to 9% is the annual incremental rate which we normally apply on an average to the overall employees spend so these are only variable factors which will be applied subsequently.
- Abhishek:** Okay and my last question is what will be the capex plan for FY2024 and FY2025?
- Parmod Kumar Duggal:** Sorry for FY2025 or FY2023-24?
- Abhishek:** 2024-2025.
- Parmod Kumar Duggal:** Subsequent year, it would be other than if we go for a service investment for electric compressor minus that it would be in the range of Rs.100 Crores to Rs.110 Crores.
- Abhishek:** It is because of the capacity additions for the Maruti plant?
- Parmod Kumar Duggal:** It would be for the capacity expansion relevant to that because Maruti plant if we understand it will be gradually ramp up, so 240,000 multiplied by the number of lines in subsequent year will happen, so we will also grow gradually into that expansion.
- Abhishek:** That is all from my side.
- Moderator:** The next question is from the line of Varun Arora from Batlivala & Karani Securities India Private Limited. Please go ahead.
- Varun Arora:** Can you give this revenue generation from tractor segment, which you have started to supply to US and Japan market?
- Parmod Kumar Duggal:** Tractor expansion what we lined up with Mahindra & Mahindra for Mitsubishi collaboration project full matured volume would be around Rs.30 Crores to Rs.35 Crores and this US market, which is M-star would be another Rs.10 Crores to Rs.12 Crores so this



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market as a matured number would be between Rs.35 Crores to Rs.40 Crores where we see future growth in this.

Varun Arora: Approximate Rs.80 Crores for the year, is that correct?

Parmod Kumar Duggal: No, total Rs.35 Crores to Rs.40 Crores for both M-Star as well as K2.

Varun Arora: Okay and in Q1 do we have received any sort of revenue from that and what we are receiving from the Q2?

Parmod Kumar Duggal: The SOP has not yet started. It is still to start, so M-Star has started in the month of July only. K2 would be starting in the month of December, so right now the numbers are very small. It is just Rs.2 Crores from the tractor segment. It will grow as these two major SOP will start.

Varun Arora: On capex plan, can you tell me about on Maruti, is Maruti is looking double your capacity by 2031, so what is your plan on that? Will you be able to do that capex by that time so can you throw some color on that?

Parmod Kumar Duggal: Maruti has only indicated one partial plan to that, although they have already announced they will be going up for 4 million of capacity right now between 2.2 million or 2.3 million to 4 million. Only the clarity, which is given to us is that Kharkhoda project which is in Haryana, so our effort right now is only for that extension. Another extension which is yet to be clarified and we are not planning for that so far, but for Kharkhoda, this expansion is spread into four years, which is a multiplier of 2.4 or so one line expansion every year, so we are aligning to these expansion road map and accordingly the incremental investment is also spread into gradual two to three years' time.

Varun Arora: Okay. I will fall back in the queue. Thank you.

Moderator: The next question is from the line of Abhishek from Dolat Capital. Please go ahead.

Abhishek: Thanks for opportunity again. Earlier your margin which used to be around 10% to 11%, now it has come down to 6.8% so what is your near-to-medium term targets in the margin given that in this quarter we have seen a sharp jump in the gross margin, but there was an impact because of the negative operating leverage? If we assume that passenger vehicle growth factor is strong going ahead then what kind of the margin we would be able to make in the coming quarters?



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Parmod Kumar Duggal: Abhishek, this EBITDA margin of 10% to 11% where we were before COVID period, our first attempt would be to regain the target so whether it is short term, within a year, two year, I am not putting a timeline to that, but yes, we need to recover back to double digit first. That is our first approach to recover and beyond that would depend upon how the segment growth will be, so right now we see a car segment growth is quite prominent and we see growth potential in next three years' time. Of course there are disruptions between EV, hybrid or IC, which one will grow at what space. That is the only differentiator, but yes to compensate that disruptions truck market would be add-on thing for us. If we realize the target number of as I mentioned before of 50% share of business, definitely it will give much better growth, top line growth also as well as on the bottom line also.

Abhishek: What would be the closing margin for FY2024 given that your mix is improving because that revenue from the home AC segment is going down and revenue from the passenger vehicle is going up? In that case can we expect that margin will be around 9% or 9.5% in the coming quarters?

Parmod Kumar Duggal: It would be inappropriate for me to put some number which are projected or based on certain mass market risks, so I will not be very explicit on exact number, but I can only assure you that this would be better than the last year. It would be gradually better than the quarters, which we have already completed.

Abhishek: Gross margin, we have seen a very good improvement in this quarter; will this be sustainable and can we expect the certain margin improvement in our gross margin front?

Parmod Kumar Duggal: If there is no global destruction further and economy is more sustainable, yes it is. If there are unforeseen disruptions then there would be a slight risk on that.

Abhishek: In this quarter, you also mentioned that you got the benefit of better forex, so will it be sustainable in the coming quarter and what were the benefits in the Q1?

Parmod Kumar Duggal: Hemant can you take that please.

Hemant Kumar A: On foreign currency, what is your question?

Abhishek: In the presentation you also mentioned that the margin was benefited from the forex movement in this quarter, so it was profitable for you so just wanted to understand how much was the benefit and how much it will be sustainable?



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Parmod Kumar Duggal: Sustainability is as far as, as you know it is back-to-back reimbursement from the customer on the quarter lag, so sometimes quarter lag impact is positive. Sometime quarter lag impact may be negative which is totally driven by the currency movement, may be external tractors so if you see the Q4 impact is in Q1. The Q4 currency rates were high. Now currency rate has come down A over at Rs.61 in Q4. Now it is at Rs.58 to Rs.59, so we will get a reimbursement from the customer at say Rs.61 and cost rate is Rs.58 to Rs.59. If you talk about Q2 in new because it is a constant currency movement in the same quarter so your cost and the revenue is matching, so it is very difficult what is sustainable because it is sustainable it may only impact with the quarter lag. On yearly basis, it will get subdued.

Abhishek: In the radiator business how much the growth in this quarter and what is your revenue target for FY2024 and what would be the mix in terms of the passenger vehicle and tractor?

Parmod Kumar Duggal: In the data business last year we did around Rs.390 Crores. In this quarter we have done around Rs.100 Crores to Rs.108 Crores, so we are expecting that this year we will be closing around Rs.450 Crores to Rs.460 Crores on the ECM. There will be growth of almost double digit here. When we add tractor in this also, which will be in subsequent year. This number will be growing and a mature business of the data we will be able to clock around Rs.550 Crores to Rs.600 Crores.

Abhishek: Okay, and in this quarter basically in home AC we have done only Rs.22 Crores and last year we had done around Rs.85 Crores. Are we able to cross the last year number or we will see the 40% to 50% degrowth in this year also?

Parmod Kumar Duggal: Just to correct you Abhishek, this year we have done just Rs.2.2 Crores of home AC and last year, business was on upside where there was a lot of pressure on the bottom line because of the commodity escalation which was not compensated and we struggle on the margins last year. Deliberately we have taken a call not to pursue this business more aggressively unless we get a back-to-back compensation from customer on all the escalation. We are just waiting for this industry to soften. There is no issue in demand side. It is up to us how and when we want to pursue this business aggressively. Of course it will not be comparable to the last year for sure, but we will see how we are pursuing this.

Abhishek: Can we expect this year home AC would most out because of this problem we are facing because especially on the margin side most probably that revenue would be around in the range of 10% to 12% only?

Parmod Kumar Duggal: Yes, it would be around I will say less than Rs.20 Crores, but the will be watchful on that business development.



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- Abhishek:** Okay and my last question is on this, how much gross and the net debt of the company at this point of time?
- Hemant Kumar A:** The long-term debt is very negligible. It will be repayed 100% by the next year which is only Rs.10 Crores. The work capital limit definitely separately we are using. The utilization of working capital is approximately Rs.50 Crores to Rs.60 Crores.
- Abhishek:** The total would be around Rs.70 Crores?
- Hemant Kumar A:** Yes total Rs.70 Crores. So the long term that will get repayed by end of next year and working capital will continue.
- Abhishek:** Thanks. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Neel Doshi from Batlivala & Karani Securities India Private Limited. Please go ahead.
- Neel Doshi:** Two questions from my end. Firstly, can you please share some color on the product that we are manufacturing for the EV and hybrids in the PV segment and also in your opinion which products are higher margins and where is the major growth coming from?
- Parmod Kumar Duggal:** Mr. Doshi your voice is a bit heavy. Can you be slightly away from the mic please.
- Neel Doshi:** My first question was can you share some color on the products that we are manufacturing for the EV and hybrids in the PV segment and also in your opinion which products are higher margins products and where we see the major growth coming from is my first question?
- Parmod Kumar Duggal:** For the EV, as I have been mentioning before for thermal product, there is not much change other than certain routine and certain electronic parts, which are getting introduced. EV or hybrid, we are supplying HVAC. We are supplying radiator. We are supplying condenser, hose and pipes. Compressor since it is used electric right now with are not there because this product profile is not with us as of now, but that is what I mentioned that we are working to localize this compressor going forward. In terms of margin, they are not very significantly different but yes, since these are new technologies. For certain new technology, there are slightly higher realization from the customer mainly because of the amortization and the investments. So going forward this will also neutralize because there were lot of pressure on the OEMs to reduce the price difference between IC to EV or hybrid.



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Neel Doshi: Okay and my second question was on the localization so we have basically been focusing a lot on localizing our products to reduce the global dependency. Could you share some details on what kind of cost savings we can accrue on manufacturing the products domestically?

Parmod Kumar Duggal: For last five years, we started this journey for localization portion. We were around 30% of the total revenue was import and now it is remaining 16%. We have seen there is a substantial value when we localize in India. Of course, one there is duty impact which is utilized here. Second the cost of manufacturing in India is slightly better as compared with Japan and Europe. Now, going forward we have a target to reduce the import content by another 6%. Of course, there would be certain investment initially, but on long-term there will be a benefit coming into us so I can say around 8% to 10% is the net-net benefit of through localization.

Neel Doshi: Okay that is all from my side. Thank you.

Moderator: The next question is from the line of Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Please go ahead.

Annamalai Jayaraj: Yes, I have only one question. Any update on this Railways?

Parmod Kumar Duggal: Yes, railways, today and tomorrow the approvals are finally going on, so we are expecting this approval will be completed within the month of August. Based on that now the product readiness is almost concluded, there are two tenders which are in pipeline which will be rolled out in the month of September, October which are very large tender and if we are successful in taking these tenders, of course we will have a very good start in railway business to aggressively pursue.

Annamalai Jayaraj: But earlier we had from target of Rs.100 Crores to Rs.150 Crores in Railways?

Parmod Kumar Duggal: I am not changing my expectation. Of course, now since product performance is very good, we expect these numbers to be realized. Only the catchy portability when, so as the government will increase now that there is already effort from the government side for aesthetic improvement and renovation of all old coaches and also this Vande Bharat also is very aggressively launched, so we see these numbers happening in the short and long term.

Annamalai Jayaraj: If you get this order, the execution will start from current year or next year?



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Parmod Kumar Duggal: It will start from may be February onward gradual, but next year will be the full impact because the tender duration would be around 15 months or so.

Annamalai Jayaraj: Okay and other than now Railways, any other non-auto where they have been saying few other things sir, anything working out?

Parmod Kumar Duggal: At this stage, no, because first we need to stabilize whatever we have because a lot of disruptions, lot of capacity expansion and lot of new technology expectation from the OEMs, so first we need to fulfill these all expectations before we start pursuing to other ventures.

Annamalai Jayaraj: Okay. Thanks.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

Parmod Kumar Duggal: What I say is that there are some positive trends coming in now. Market is showing very positive sentiment. Recoveries are expected very soon. FY2023-24 is looking very promising. We are still maintaining that will do a double-digit growth in this year. Margin side also there is some positive trends now appearing. Q2 definitely is very aggressive and we see better growth as compared to Q1 so this is only comment I have at this stage.

Moderator: Thank you members of the management team. Ladies and gentlemen, on behalf of Batlivala & Karani Securities India Private Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines.