



"YASH HIGHVOLTAGE LIMITED

Q2 FY '25 Conference Call"

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MODERATOR: MR. ANSHUL MITTAL – TIGER ASSETS

Moderator: Are there any other transformer manufacturers who are also planning to foray in to bushing space or have any current manufacturing with them.

Nirav Patel: Transformers manufacturers already are there, if you google the same, I will not be able to name here. But if you google the largest three in the world transformer manufacturer globally, you will find they have their own manufacturing facility of bushing globally. These are our main competitors also.

Moderator: Correct.
Majority of manufacturers, transformer manufacturing are sourcing the bushing, they do not have bushing manufacturing capacity.

Nirav Patel: Exactly, it is a bought out for them.

Moderator: Correct, okay. Understood sir.
What is the usual life of bushing in transformer plant and hour frequency does it need to be replaced? And also mention for both OIP and RIP.

Nirav Patel: See, Power transformers is supplied to end users such as Power Grid, NTPC and end users such state utilities like GEB, GETCO, MSEB, TSEB or Karnataka Power State Electricity Board. So, in their power sub-stations, the transformer is installed. The life of OIP Bushing, well-made OIP Bushing is expected anywhere between 15 to 20 years from date of installation and commission, and life of RIP Bushing is expected to be anywhere between 30 to 35 years.

Moderator: Understood.

Nirav Patel: But to answer your questions, yes, replacements are required, it was you know, it is very very complex High powered sub-station and high energy sub-station, there are several factors that may affect the product life cycle. It is not just by manufacturing capability or quality of product, but several other transients, highvoltages and over voltages, rain , wind, earthquake and several other factors affect the equipment. So, yes there is a large scope of repairs or replacements coming of during the life cycle of products, before the life cycle has been achieved.

Secondly, globally there are lot of Grid upgradation happening. So for example, Utility has 1000 transformers with conventional OIP Bushing and now they have decided to allocate a budget that will replace old bushing to new one, like change of old compressor in the fridge proactively so the food does not get spoilt, so such decision to change the old bushing to new one, this will also open the door of new expansion, that OIP to RIP interchangeable size and voltage to replace, in existing grid and to increase life of Transformers. So this is also one possibility here, of replacement.

Moderator: Understood sir. Also I want to ask that what is the total % cost of Transformer Bushing as compared to the cost of Transformer?

Nirav Patel: I will tell you the range of OIP and RIP Bushing. In terms of power transformer cost, the bushing costs anywhere between 2% to 6% depending on the type of Bushing.

Moderator: Okay, understood.
Sir, what is export as of today, like you mentioned, you are exporting to 60 countries, what is export % as of today and post expansion of RIP, what % of export are you looking in next few years?

Nirav Patel: Today, RIP bushing we are not exporting because of market restrictions. So all exports we do today is our indigenous products which is OIP Bushings and High current Bushing. So overall, as on date 40% is exported compared to total sales of OIP and High current Bushings.

Moderator: Can you provide break-up of current sales of OIP, RIP and High current Bushings?

Sumit Poddar: Yes, with respect to revenue, RIP is 70 to 80% of Total Revenue, OIP is 15 to 16% of Total Revenue and High current Bushing is 4 to 5% of Total Revenue. But in relation to quantity, both OIP and RIP are equal. As RIP's price index with respect to OIP is 4 times.

Moderator: Understood.
The liability aspect associated with transformer bushing manufactured by your company, given the critical role, transformer bushing playing safety and reliability of electric systems, I would like to understand the potential contingent liability in the event of Company's product failure. Could you provide insight into the types of liability clauses which are typically included into the contract with customers or suppliers. How does the company manage and mitigate this, associated with potential product failure considering high contingent liabilities as business grows? Are there specific quality assurance or testing protocols in place, to reduce the likelihood of these issues that might lead into liability claims? Thankyou.

Nirav Patel: I will answer this in 2-3 Steps.

We have very latest and imported infrastructure in the factory, even as on today, lot of machineries are imported. A part from that we have a well established in-house engineering team which not only designs the products, but also carries out FEM simulation by computer aided technology, 2D and 3D

modelling as well as FEM simulation, which through the software, it will tell you how your product will perform electronically and mechanically. Okay, a very very advanced software and technology is utilized in this simulation, so design part itself is taken care of.

Secondly, we have high-power test laboratory where 100% of our finished products are tested in line with the international standards for routine testing, high-voltage testing, impulse testing, etc. Basically, all these tests give you the measures of product quality and these are very very stringent tests as per standards. So, our first pass yield, % of product passed in the 1st testing is 99% at our plant level. In addition to this, in the new green field factory, (today we have 2 EHV Labs in our existing factory, one Low-voltage Lab and one extra High-voltage Lab), 3 additional Test Laboratories, one is for 400 kV, one for 245 kV and one upto 72 kV. So, different range of products can be tested at different labs. So we have several test labs where we can test the products. Lot of our equipment are also imported from Switzerland, Austria and China.

Now despite all these things, what we do, suppose for the critical nature of product, the product fails, we have limited liability clause in our contract with the customers, wherein we only cover maximum liability upto the price of the product supplied and not for any consequential liabilities. In case of any catastrophic damage, if it is established that it happened because of our product manufacturing defect, that is also a very long drawn and long process, it is possible to establish that what has caused the failure, through analysis and through engineering and study, and working closely with the customer. If it is established that damage or problem is because of manufacturing defect of my product, still I am liable to the maximum product replacement, or the price of the product supplied and not any contingent liabilities.

Secondly, if any legal or litigations come in line with that, the company has kept sufficient provisions of Corporate General Liability Insurance (CGL) Policy to cover the same.

Moderator: Great, great. Understood.

Regarding seasonality present in Business, do we have such seasonality in Business as we see in transformer business, and if yes, what is the break-up of H1 and H2 for the performance of the Company?

Nirav Patel: I will not term it as seasonality. Today the industry is growing in multiplied fashion, and demand is growing in multiplied fashion. So, two factors, one is that usually the projects and its movements, from the stage of tendering to the award of the contract, from utility to the transformer manufacturers, the entire cycle and chain, is designing and functioning in such a way that majority of supply part comes in H2. It is same for power transformers and bushings also.

So based on timing, when project awarded and then considering the lead time of equipment inspected and dispatched and when sites are ready for commissioning the transformer, that the way it is running normally pickup in H2 and number also reflected in H2 only.

Moderator: So, it is fair to assume that 60-65% revenue is booked in H2 and balance in H1?

Nirav Patel: Yes, yes – you can say that. It is 40-60 split between H1 and H2 normally. Another thing driving today, this movement of material, is availability of Raw material, okay, RIP core/ bushing is in so high demand, globally and manufacturers are so overbooked, that supply of final product also depends on the availability of Raw material. So somehow over past 3 years, this is also worked out in such a way that more and more material come in H2. These 2 are driving factors.

Moderator: Okay great. Understood.

Sir, with respect to operating margins, can you provide us the break-up at operating margins, between OIP and RIP Bushing. And right now, 70% revenue is coming from RIP, so going forward now, do we expect these margins to shape and post capacity expansions also?

Sumit Poddar: About margins, we have Material to Sales Ratio (“MSR”) for RIP Bushing close to approximately 60% while OIP 70 to 75% depending on the segment to whom we are selling and the High current Bushing, 30 to 35%, these are the ratios. The blended MSR, it is around 60 to 62%.

Moderator: Sir, this is the Gross Margin, right?

Sumit Poddar: Yes, Gross Margin.

Moderator: Can you share about the EBITA as well as PAT Margins?

Sumit Poddar: EBITA product level, just you have to add another 20% to arrive. Let’s say for High current Bushing having 35% MSR and then 20% you have to add, so it is at 55%.

So, 45% EBITA we have in High current Bushings, 20 to 22% for RIP Bushings and 13 to 15% for OIP Bushings.

Moderator: Okay, understood.

Sumit Poddar: RIP Bushings have adequate load on revenue, so it will increase the EBITA Margin in OIP Bushings.

Moderator: Okay.
Sir, as we see that 40% business is in H1 and balance in H2, so similar set of margins are also perceived, depending on the business?

Sumit Poddar: Yes definitely, the margins are driven by sales.

Moderator: Understood.
Sir, how does demand generation works from new capacity we are adding, is the demand locked-in already or how much in advance gets locked-in the Bushings?

Nirav Patel: The scenario is such that, first I will tell you about power transformers. We have learnt so far that the transformer manufacturers in India are booked for 1.5 to 2 years, and transformer manufacturers abroad in Europe and USA, their entire capacity is booked for 3 to 5 years from today. So what happened is, considering RIP Bushing lead time having 9 to 12 months from the time the transformer manufacturers places an order of Bushing, the RIP Bushing today are now available in 9 to 12 months i.e. lead time. So like transformer manufacturers are booking orders for 3 to 5 years, the RIP Bushing manufacturers are placing orders for 1.5 to 2 years. So as and when, their project moves then they place, is what I am seeing 1.5 years down the line as product transformer for which I am placing bushing order today.

Moderator: Understood.
But sir, usually if a transformers manufacturing company's order booked is for 3 years, then as you mentioned, the Bushing manufacturing company booking is 1-1.5 years.

Nirav Patel: Correct, correct.

Moderator: Sir, with respect to clients as of today, are the transformers like Voltamp, Indotech, all of these top key transformer players, are clients today domestically?

Nirav Patel: If you google transformer manufacturers in India, and whatever name comes out, everyone is my customer. And major and repeat customers.

Moderator: What would be top 5 customers contribution of your Company, if we have data?

Nirav Patel: Around 70%. No, if product mix based, then it is 40 to 45%.

Moderator: Understood, great.

Assuming current revenue of Company is Rs. 140 Crore, given the new expansion at RIP 6000 units with better realisation, can this new generated capex contribute Rs. 500 crores revenue, carrying total revenue of Rs. 600 crores for the company, over a period of next 3 to 4 years? (PROSPECTUS REF.)

Nirav Patel: Over a period of 5 years, revenue of Rs. 400 to Rs. 500 Crore can be achievable, total.

Sumit Poddar: As our facility will come down the line at almost one and half year, so in the first year itself we will not be able to scale the entire capacity building for RIP Bushing okay. This is a very critical product, so we have to pass through various testing & approvals from the respective bodies. So, definitely we are keeping a goal of taking this capacity up to 10000 units of RIP core & 10000 units of RIP down the line over 7 years from 6000 units. But that is true if we have approvals from day one for 6000 units, not a single unit of 6000 bushing will be available in inventory. That is the traction of demand of this product. But you have to understand about the criticality of this product & all the approvals from statutory bodies, even if it is a new product, & we have the facility of existing technology of assembly, still you need to pass the new product passing through various testing from existing laboratory & external laboratory, this may take some time. So, I believe that down the line, definitely revenue will go multifold.

Moderator: Understand, sir.

If a Companies are shifted transformed companies are elected and revenues are going multifold then why we are not able to see replicate our numbers. And can we say huge jump in H2 if there are many delays in supply in ordering cycle?

Nirav Patel: See, transformer revenue grows in those numbers due to high value of transformers there is a lot of material input there which is very very high value material like copper and CRGO & mild steel and everything else. Like I told you bushing contributes to 2 to 6% of value of power transformers. So if you say if 5000 or 6000 bushing YASH is selling in a year with 140-150 cr. is existing turnover you have to actually multiply in terms of % of contribution to transformer revenue in a way catering to 10000 cr. transformers market, with our 140 Cr. existing scale & if you see our CAGR over past 5 to 7 years, it has been closed to 25% or more. So company has grown at a healthy rate and proportionate to the transformers industry we are going in the same proportion. It is just that value contribution of our product is small, so that is why you see transformers industry is in thousands of crores, and the bushing as a component or accessory of transformers is in hundreds.

- Moderator: Understood. Very well Sir.
What are the perceived gaps from the manufacturing of the RIP cores at the right placement & successful deployment of greenfield capability. For example, do we have the design knowhow, raw material access, and any other potential roadblocks that need to be addressed?
- Nirav Patel: Uptil now only roadblock was money, we have that now. The other things are there with us.
- Moderator: Correct. And do we have, do we fall under Government policy of subsidy scheme or relief for transformer bushing manufacturing?
- Nirav Patel: So, I am very optimistic hoping for this now. See RIP bushing because of high demand & critical nature and high dependence on imports, the GOI production linked incentive (PLI) Scheme in the 10 or 15 special products from the Power Sector they have included in PLI scheme and RIP bushing is at No.1. So for setting up Greenfield expansion, we are closely working with the Ministry of Power & CEA to avail benefits of upcoming PLI scheme also.
- Moderator: Understood Sir.
What is our JV with our Swiss partner, and how they help us currently with the technology contribution in new upcoming project?
- Nirav Patel: So, I will split the same in 2 things, with the Swiss company who is today supplying RIP Core to me, with them today the relation with them is purely a supplier and a customer prospective. They initially gave us the technology and we paid them one-time technology fees for technology of assembling. So, at present they are my purely core supplier. I already have learnt how to assemble, test & supply, and I have been doing that since last 7 years & more than 15000 assembled RIP bushings have gone from YASH factory to the Indian grid. The technology of the core which we are developing, that is not from the same company. It is from other technology consultant who is expert in RIP Core technology manufacturing. So, it is also a Swiss group. I cannot name the company, and their company is giving us the indigenous core manufacturing technology.
- Moderator: Very well Sir. So, do we have any sort of royalty attached to that?
- Nirav Patel: No.
- Moderator: Understood Sir.
Sir, few questions are relating to our market share in India. As you mentioned 10 players, what is the market share of us as of today?

Nirav Patel: So up to 245 kV, in RIP bushings, YASH has 70 % market share as on day. For OIP bushings up to 245 KV in India, we have 35 to 40 % market share.

Moderator: Okay Sir, that means that majority of the bushings are currently being imported by remaining players.

Nirav Patel: Not majority, like I mentioned that up to 245 kV, 75% is our market share. So other portion is imported & again for remaining market share, there are few other players in India also, and they have their local market share. So now that local manufacturers are coming up, the import share is slowly reducing over the past 3 years.

Moderator: Also, with respect to orders book, what is the current orders book, and can you provide the break-up with respect to RIP, OIP & others?

Nirav Patel: See, I cannot reveal the numbers explicitly, but I can share with you a very healthy order book. But what my next year's sales & revenue budget what we will be projecting as a growth of this year's sales, I have booked which can cover that and beyond also.

Moderator: Correct, Great Sir. Definitely, not an issue Sir.

Sir, few couple of last questions, can you name few peers you mentioned but who are localised or unlisted peers we have as of today.

Nirav Patel: You mean competitors? Yes so there is one Crompton Greaves (CG), well known name and there is GE T & D India Ltd, and Hitachi Energy, again well known names, GE and Hitachi which was formally ABB. So I think all three of them are listed and Unlisted, there is Mehru MIM, Mehru Isolator MASA which is JV between Indian and Russian Company, MIM.

Moderator: Fair enough, fair enough.
And sir by when we are expecting a new Capacity to go like w.r.t OIP bussing, small expansion as we did as well as RIP Core, can you state again please.

Nirav Patel: The OIP expansion which will go live by end of February this year, always in a very advance stage and it is almost complete now and RIP by March 2026, that the Facility will be ready for commissioning, then we will start testing , developing all those things.

Moderator: Perfect, Perfect. Great Nirav ji, Great Sumit ji, Thank you Nirav ji for the detailed explanations and for patiently answering the questions and detailed discussion. It help us to understand the importance of bushing in the entire Power Space as well as Participants, we would like to give you brief disclaimer

that whatever the information has been shared on this platform has been shared for knowledge purposes and please do your own due diligence before investing and participating in any sort of investment decision.

Great Sir, Thank you Nirav ji, Sumit ji.

Nirav Patel: Thank you Raghav, Anshul and the entire Team of Tiger and thank you to all the Participants, we look forward to meeting good amount of expectations and you know we are a Company having ambitious vision to be among the top 5 players of Transformer bushing globally, till now we have been diligently working very hard towards the Goal and Directions and with that dream to take an Indian brand Global, some day we will open our headquarter near by Apple, that is the Global dream of YASH COMPANY.

Moderator: Definitely Sir. Great Interaction with you. And this market and we as an investors will help you to achieve this dream. Thank you very much.

Nirav & Team: Thank you . Bye Bye.