"Hirect Limited

Q2 & H1 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY27 Earnings Conference Call of Hirect Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date

of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Suramya Nevatia from Hirect Limited. Thank you, and over to you.

Suramya Nevatia: Good morning, everyone, and thank you for joining us for the Q2 and H1 FY27 earnings call of Hirect Limited, formerly known as Hind Rectifiers Limited. I'm joined today by our Executive Director and CFO, Mr. A.K. Nemani; our Global CEO, Mr. Anand Chidambaram; and our CEO, Mr. Manoj Nair; and SGA, our IR Advisors.

This was our highest ever quarter and our highest ever half on both a consolidated and a stand-alone basis. Revenue is growing in line with the target we set for the year. However, profitability has not kept pace, and I will mention the reasons for this.

A few things weighed on margins this quarter, higher raw material costs and unfavorable product mix, the scale-up of Elventive France and our investment in people ahead of growth. The first is largely external due to multiple factors. The others are deliberate and both are tied to the size of business that we are building.

Over the last few quarters, we have spoken about Hirect moving from supplying components to delivering complete systems. That shift is now showing up in our work. Our trainset programs are underway. Our indigenous propulsion has moved from approval into supply and new approvals from Indian Railways this quarter have widened what we can offer.

Alongside this, we are building cost advantage into the business. Backward integration into copper conductors is the clearest example. It secures a critical input for our transformers and it has started to earn some revenue from outside customers.

In a quarter of rising input costs and uncertainties, it has begun contributing and has started to do its job, and we are working on more such initiatives of this kind. Our global business is the longer build. Our first orders from the United States have shown that our products can compete outside India. We have dispatched our IGBT converters for mining industry 45 days ahead of schedule, resulting in a very happy customer.

We now wait for the commissioning after which we expect larger quantities. Just to further emphasize on what this accomplishment means, an R&D initiative of this nature would ideally take 24 to 30 months. We have been successful to build this product in just about 3.5 months.

This is because of the technology platforms we have created over the years. We are now also using our sales channels across the UAE and the EU to build new customer relationships, of which some registrations have been successful while some are under process.

Elventive France is still scaling up and will weigh on consolidated margins until it reaches breakeven. However, we have been able to secure 2 new customers for Elventive France and 1 new product line. These customers are currently giving us trial volumes, and we expect a larger order intake from the next year onwards.

We also have some large-scale inquiries, which could expedite the turnaround. But until we have a firm PO, we do not consider that as a contributing factor at the moment. Furthermore, we have received some strategic interest in Elventive France, which are being explored as well.

Looking ahead, our priorities are straightforward: keep building technology, strengthen the core railway business, expand into newer adjacent industries and other geographies, convert our pipeline into orders, keep taking cost out and bring Elventive to breakeven.

With that, I hand over to our CEO. Thank You

Manoj Nair: Thank you, Suramya. Good morning, everyone. As Suramya mentioned, we are focused on translating our engineering and manufacturing capabilities into stronger execution and a wider range of opportunities across our Indian business. I'd like to take you through some of the key developments during the first half of FY27.

Let me begin with our copper conductor facility, which is an important step in strengthening our backward integration. Copper conductors are a critical input for our traction transformer business and developing these capabilities in-house gives us better control over the supply chain and greater visibility over a key component of manufacturing.

The facility has commenced commercial production, and we have also secured orders from private customers. This allows us to address our internal requirements while gradually building an additional business vertical serving external customers.

During the quarter, we received CTC and PICC approvals from Indian Railways for deployment in traction transformers. These approvals are an important validation of our manufacturing capabilities and further strengthen our position in the railway supply chain.

We have also been included in RDSO's UVAM or unified vendor approvals module, list of development source for propulsion system and supplies have already commenced. This is an important milestone as it expands our participation in Railway requirements and provides an opportunity to further strengthen our position as a development source.

Moving to our integrated railway system business. We have continued to make progress in expanding our presence in next-generation trains programs. Our development engagements in the MEMU and Vande Metro segments mark an important step in this direction.

These opportunities allow us to bring together our capabilities across traction systems, power electronics and railway technologies while strengthening our participation in higher-value integrated railway solutions. These programs are important because they allow us to move beyond supplying individual components and participate in a more integrated solution.

They also provide an opportunity to demonstrate our capabilities across multiple products within a single trainset program and gradually increase our overall content per platform. Alongside these developments, we continue to strengthen our engineering and product development capabilities.

Our focus remains on improving in-house development, product reliability and manufacturing efficiency while building the technical and operational teams required to support the growing scale and complexity of our business.

Going forward, we will continue to focus on strengthening our core railway portfolio, improving backward integration, developing indigenous products and enhancing our manufacturing capabilities.

We believe that these efforts will help us improve our competitiveness and participate in higher-value railway and industrial applications. We remain committed to building strong engineering and execution capabilities that can support the company's next phase of growth.

With that, I would like to invite Mr. Nemani, our Executive Director and CFO, to take us through the financial performance for the quarter and half year. Thank you.

A.K. Nemani: Thank you, Manoj. Good morning, everyone. Let me take you through the financial performance for Q2 and H1 of FY27. We have achieved our highest ever quarterly and half yearly revenue, both on consolidated and stand-alone basis. Reflecting healthy business momentum across all our operations.

Starting with the consolidated performance. Revenue from operations grew by 39% year-on-year to INR315.7 crores in Q2 FY27. For H1 FY27 consolidated revenue stood at INR574.1 crores, registering a growth of 29.9% year-on-year. Consolidated gross profit increased by 32.1% year-on-year to INR76 crores in Q2 FY27, while for H1 FY27 it grew by 31.1% to INR149.2 crores.

Gross profit margin stood at 24.1% and 26%, respectively. Consolidated EBITDA stood at INR13.6 crores in Q2 FY27, with a margin of 4.3%. For H1 FY27 EBITDA stood at INR26.8 crores with a margin of 4.7%.

As highlighted earlier, consolidated profit, it continues to be impacted by Elventive France, which remains in its integration and scale-up phase. Alongside this, we are making investment in human capital and strengthening operational capability to support future growth. These factors have resulted in higher employee and operating expenses.

We expect near-term pressure on consolidated EBITDA margin to continue over the next quarters as Elventive progress towards breakeven. Following which we expect a gradual improvement in business scale up.

Profit after tax and minority interest stood at INR6.8 crores in Q2 FY27 and INR16.2 crores in H1 FY27. These numbers include exceptional gain of INR2.7 crores and INR6.2 crores, respectively, arising from the sale of the Dehradun plant.

Coming to the stand-alone performance, revenue from operations grew by 29.6% year-on-year to INR294.3 crores in Q2 FY27. For H1 FY27, stand-alone revenue stood at INR530.7 crores, registering a growth of 20.1% year-on-year. Stand-alone gross profit increased by 15.1% year-on-year to INR66.3 crores in Q2 FY27. While for H1 FY27, it grew by 11.2% to INR126.6 crores.

Gross profit margin stood at 22.5% in Q2 FY27 and 23.9% in H1 FY27. The moderation in gross profit was primarily due to the elevated raw material cost and geopolitical developments and supply chain disruptions along with an adverse product mix.

Stand-alone EBITDA stood at INR24 crores in Q2 FY27 with a margin of 8.2% for H1 FY27. EBITDA stood at INR49.1 crores with a margin of 9.2%. Employee and other operating expenses have increased in line with the business growth alongside continued investment in human capital to strengthen our organizational capability and support future expansion.

This has resulted in some moderation in EBITDA margins. Stand-alone profit after tax stood at INR14.5 crores in Q2 FY27 and INR29.6 crores in H1 FY27. These numbers include exceptional gain of INR2.7 crores and INR6.2 crores, respectively, arising from the sale of the Dehradun plant. On a year-to-year basis, H1 FY27 PAT registered a growth of 7.7%. This includes the financial performance update for the quarter and half year.

Thank you. I would like to open the floor for question-and-answer.

Moderator: Thank you very much. We will now begin with the question-and-answer session. First question is from the line of Manish Goyal from Thinqwise Wealth Advisors LLP.

Manish Goyal: Sir I have few questions. First on CTC, if you can give us the perspective like we have started commercial production. So to what extent the production we have seen in quarter 2? And how much of it has met the requirement because still the gross margins have been declining.

So I would like to know like there was another reason mentioned that there is a change in revenue mix. But as per your revenue breakup, transformers still contributes significant 61% versus 50%. So where are we seeing the impact? So if you can give us more perspective on the gross margins decline and how should we see it going that was my second question?

A.K. Nemani: We see the segment wise results our CTC business has grown up from INR395 million to INR588 million. Also so we have got the railway approval in the later part of the Q2 only. So

we were not able to use full CTC in this quarter. So partially, we use external and partially we use the internal only.

Manish Goyal: Sir, what would be the production and what capacity we would have -- just like to get more insight, sir on CTC?

A.K. Nemani: Yes. CTC today, you can say we have capacity and CTC and PICC both together, we can manufacture more than 250 tons. And which we are again expanding, which will be approximately give you more than 500 tons.

Manoj Nair: Just to answer this question, Manish, from a capacity point of view, the capacity is there. But like our CFO mentioned, by the time we got the Railway approval, it was towards the end of Q2. And but just to give you a perspective, we are almost at about 60% of -- we utilized about 60% of the capacity in September, just to give you a number. So that's the scale that we can further grow. Now with the approvals in hand, we can use 100% of our CTC and PICC.

Manish Goyal: Okay. So sir, like what kind of margin improvement can we see? Because for last few quarters, we have been seeing a decline in our gross margin as well as EBITDA margin. And also my second question, which was pertaining to change in revenue mix. So probably unable to understand because if transformer is still contributing 60%, what is the change which is leading to the decline in margin. So maybe if you can give us on the margin as well?

A.K. Nemani: As mentioned in the initial speech by Mr. Suramya and both of us, Mr. Manoj and myself also, maybe at least maybe a few quarters or it may be under pressure, it may not improve the margins, gross also, mainly because although transformers that's a percentage will be coming down.

And secondly, we will be having the product mix, like you can say propulsion here we will be starting -- started supplying from October onwards. And where the margin will be in a initial 2 quarters or 3 quarters will not be good enough.

Manish Goyal: Okay. Sir, on our propulsion system, what is the status of the trials? Last time we mentioned that we have 9,000 to 10,000. So what is the status? Have we completed 50,000 kilometers, number one? And number two, there was a tender which was floated recently by CLW for some 750 numbers of propulsion system. So have we participated in the bid and under development category? And if you can give us more insight into that?

Suramya Nevatia: Yes. So regarding the trials, we have completed 30,000 kilometers and the remaining should be completed in the next several weeks. However, that completion, while it's ongoing, we are not stopped from supplying the remaining pending orders that we have for the propulsion systems. Regarding that tender of CLW, I think we were L1 in that tender. We are L1 in that tender.

So there have been some big changes in Indian Railways. Some firms have been delisted and some have not been delisted. However, regarding that confusion, what they have done is they've withheld the orders of development sources and given the orders to approved sources.

And we are now under discussion with them to release the orders for development sources as well, where we expect a big quantity as we are L1 and we are in the development source, of course. So I think that is in progress and should materialize soon.

Manish Goyal: So this is what you are mentioning -- what you referred was for the recent CLW tenders, where orders were given to the approved vendors as well and only to those people?

Suramya Nevatia: And not to the development vendors.

Manish Goyal: Okay. So then in this case, sir, then we won't be able to get 20% share of, say, 750 numbers?

Suramya Nevatia: We cannot exactly quantify the number today, but we do expect a good quantity.

Moderator: The next question is from the line of Vedant Sarda from Nirmal Bang Securities Private Limited.

Vedant Sarda: Sir, you mentioned that EBITDA margins at consolidated level are expected to remain under pressure over the next few quarters. So anything more on that, that it will be affected by gross margins or what are the specific reasons for it?

A.K. Nemani: No, it will not be, I can say, mainly EBITDA levels because we are still scaling up the operations at Elventive France. Yes we have -- basically, we have mentioned earlier that is a very good plant and we have all the infrastructure available. We were lacking in the marketing because there was no heading person there also.

Now we have reported so we expect in the next 2 quarters, results will be there. As Suramya mentioned in the initial speech that itself we are discussing with some big inquiries also. Gross margin level will not affect that much because they will be going to contribute, but there is fixed cost will be there and scale is not as high as on today as required. So EBITDA level will be affected only.

Moderator: The next question is from the line of Uzair Lari from Aveksat Financial Advisory.

Uzair Lari: My first question is what sort of margin expansion is anticipated from internal consumption for this CTC and what is the right order traction for third party sales of the excess capacity, if you could shed some light on that?

A.K. Nemani: If you refer our segment wise result, we have given what is total CTC we have sold and what is the in house consumption, so I can say INR588 million was the total sale by the plant including internal out of that INR568 million was for the external -- sorry internal, so total if I can say INR20 million so far is the outside sale, but now we have started after getting the approval from the Railway, we are getting the interest from the public is basically we can supply to the Railway, it can be for other purpose also.

Uzair Lari: Understood. And sir, what sort of like since you are using this specific point internal consumption also, so going ahead at full capacity utilization, like what sort of margin expansion can we see going ahead, not just right now? If you could shed some light on that too?

A.K. Nemani: Here you see there will be some margin improvement in the transformers, but there will be the other products also. As I mentioned in the first question where we mentioned because of this propulsions next 2 quarters or basically where the margin for the propulsion will be not high. So overall, there will not be any improvement in the -- may not be any improvement in the gross margin also.

Uzair Lari: Okay. Understood. And sir, what sort of -- if you could quantify the quarters over which we can expect Elventive France to be breakeven numbers like 2, 3 quarters or any sort of numbers that you could give, it would be very helpful?

A.K. Nemani: Yes. 4 to 5 quarters, we were expecting maybe next year, maybe we should expect by September or December, it should be approximately positive already.

Uzair Lari: Okay. Understood. And just one last question. In Railways, we are like shifting from component suppliers to more like an related system supplier. So if you could share like over what time frame is this higher content for local expected to reflect in our revenue?

Manoj Nair: So there are 2 pieces to it. One is from a system point of view, the propulsion system itself is an integrated scope. So we have already started -- in fact, October, we started supplies of the propulsion system. So over the next 3 to 4 quarters, we should ramp up the propulsion systems. And then as you're aware, we have the trainset orders. So towards the second half of next year, we should expect some of these units to get going.

Moderator: The next question is from the line of Deepak Agarwal from Param Capital Limited.

Deepak Agarwal: Sir, my question was again on the margin because growth is very strong at 30% I'm referring to standalone. But in terms of the EBITDA margin, so you did mention because of the product mix change and higher raw material cost, any trajectory you can give because this 8.2% EBITDA margin stand-alone starting Q3 onwards, now obviously, crude link seems to be -- seems to be going down.

So any trajectory you can provide because so I think that's the only concern people have that although we are growing very fast at 30%, but can we sustain or actually improve the margin profile?

So people are building that margin profile should have gone up. But obviously, you did mention because of these reasons, it has gone down. So anything you can share in terms of how should we look at margin next couple of quarters? Is it like we should see 50, 100 basis point margin improvement every year on the EBITDA margin side?

A.K. Nemani: Yes, I would have mentioned -- maybe immediate in coming 2 quarters, at least it is a little challenging because we are incurring a lot of -- other than material cost, we are increasing a lot of expenses on for the future's business also.

This was part of our initial speech also, including on the employee cost and foreign pay, business development that all expenses are still going and where the results will be seen maybe after some

time. It may be the second half of the '27, '28 or maybe a little -- or maybe even 1 quarter later than now. So immediately there may not be any improvement in the profits or margins also.

Deepak Agarwal: Okay. And second, sir, my question was on Elventive. So like roughly about INR10 crores quarterly loss. Again, there you have been mentioning it will take 4, 5 quarters for us to turn around. So should we expect a similar loss going forward in terms of quarterly run rate of about INR10 crores or it would go down to maybe...

A.K. Nemani: Yes, we expect this to go down from the -- I can say Q4 of our financial year. I can say from the March onwards, December may be almost similar or maybe slightly less. But going future it will go down gradually.

Deepak Agarwal: Got it. And for the India Railway business, the pipeline seems to be, as mentioned for propulsion systems and all, we have already started shipping orders. So this current level of 30% kind of growth seems doable right and foreseeable?

A.K. Nemani: No, basically because of the Railway has also reduced their target for this year. So this year may not be because there are a lot of the fund diversion to the defense sectors. And secondly, they do not have some other components, specifically propulsions and wheels they don't have as on today also. So for the time being, they have reduced their budgets for this year. Now geopolitical situations are improving. So it may be mostly, maybe why we will see that's all.

Moderator: The next question is from the line of Harsh Mulchandani from Toro Wealth Managers LLP.

Harsh Mulchandani: I wanted to understand with respect to the French entity, what progress have we made in the past few months post acquisition? And how are things spanning out? I believe that we have a lot of capacity, but we have to add -- we may need to get some orders to get the capacity to be used. So any developments which you can highlight post acquisition, which has been done?

Suramya Nevatia: We already covered this in the opening remarks. I'll just repeat myself. We have already received 2 new customers that we have broken through. And we've also received a new product line that we are building. So these are all at the initial stages and the volumes will start coming in as we go along.

Furthermore, we have reached a stage where because they do not have a very good reputation because of the financial position that they were in, we have now started receiving large inquiries from the biggest, let's say, automobile guys in Europe. And these are at the final stages. But until we don't get a firm PO, we can't really comment on them, but we are optimistic that we should be able to receive something.

Harsh Mulchandani: Okay. Got it. And with respect to team or any small expenses which you might have to make all that investment point of view that is done. Is that right understanding?

Suramya Nevatia: Yes, of course. We have a new person leading the entire entity. And yes, I think it's on the right track now.

Harsh Mulchandani: Okay. Got it. And with respect to margins, you mentioned maybe a couple of more quarters, we could see some hit. And going forward, like you mentioned the products which we have pitched for, are those going to be structurally higher margin products than the company's overall profile or because of a higher cost base, the margins could be softer even going forward at a structural level once we are able to utilize the capacity?

Suramya Nevatia: If you look at medium term to long term -- so definitely, all the products that we are working on today will be profitable, will have good margins. But as we are new entrants, we have to be fiercely competitive, and we have to make sure that we are L1 in the tender, so we can secure maximum quantity and establish ourselves at least in this ecosystem. So today, all the heavy-hitting projects that we have like propulsion, we have to be competitive where margins are under pressure.

We are trying to offset the pressure caused by propulsion with other products, but the quantum of other products will not scale as quickly as propulsion, which is why the CFO mentioned that we might face a certain margin pressure for the next few quarters because we cannot slow down the scale of propulsion. That is inevitable. But we want to ramp up other opportunities faster, and that will help us balance out the margins in the medium to long term.

Moderator: The next question is from the line of Pragya Bharadwaj from Complete Circle Capital Limited.

Pragya Bharadwaj: Sir, just if you could throw some color on what could be the potential of propulsion systems now that we have a little more clarity on some of the developments which have taken place. What could be the -- like the addressable market here? That's one.

Second is you mentioned on the IGBT converters that we've been able to complete some deliveries quite ahead of schedule. Are there more orders in the pipeline? Is there like how are the operations shaping up here? Should we look towards more developments in this space? If you could throw some more color on that?

Suramya Nevatia: Sure. So regarding the propulsion, considering that we are development sources, we are entitled to 20% of the entire quantity. But there are a few things that have happened in the market today, which could prove to be, let's say, more positive for us.

Where Railways is -- has been unhappy with some large companies who have perhaps either not supplied as per commitment or as per quality, and they have started being very strict and they started delisting companies. So this gives us an advantage because we know for a fact that our quality is good and we're able to supply on time.

So I think in the long run, we can look at much larger quantities. But I think for now, we stick with 20% at least. And every year, Railways is still looking to procure between 1,000 to 1,400 propulsion systems. And I think we can expect a fair share going forward.

Coming to the IGBT converter for U.S. mining, yes, there is a phenomenal opportunity there. And because we've been able to give a world-class product and give it ahead of time, it has

really, I mean, overjoyed the customer, which was not expected at all that it would be able to -- that we will be able to execute it so flawlessly.

Now they want to see the product perform in the field. And once we have that, they have committed that there will be a lot more orders coming our way for the mining industry as well.

Moderator: The next question is from the line of Midhun James from Moat PMS.

Midhun James: My first question is, could you give us a little bit more color on the status of this 50,000 kilometer trials that you had undertaken as the Railways have undertaken for their propulsion systems. So where are we in that? And what is the stage that you think that you are on from movement from a propulsion vendors -- movement from a development vendor to a full service vendor?

Suramya Nevatia: So we have completed 30,000 kilometers of the field trial. And the trials are continuous and they're ongoing, and it's performing well. And there have not been any issues with our product. So we will be in development category, but that does not restrict us from supplying the orders we have at hand or from participating in tenders, which are current, ongoing and upcoming.

Midhun James: You said 20,000 or 30,000?

Suramya Nevatia: 30.

Midhun James: 30. Okay. And so by the current trend, it seems that probably post Q4, you should complete the 50,000 kilometer trial, right?

Suramya Nevatia: Hopefully, before that. But yes, let's see how it progresses.

Midhun James: Sure. And during the initial commentary or answer to your question, it was discussed that it was mentioned that the Railways have not released the development vendor orders for the development vendors. And I could not see any new order wins post our order wins in the last quarter. So could you elaborate a little bit more on that? And I think the CFO was saying that only the development vendor orders are stuck due to some issues?

Suramya Nevatia: That is specifically for propulsion systems because Indian Railways is, let's say, reorganizing their approved vendor list. So it has become a very critical supply item today. And those companies who are not able to fulfill their commitments either in terms of quality or delivery are being sort of delisted.

So because of that, there was a lot of, let's say, uncertainty within their vendor database of propulsion system. So for which they have withheld development source POs and released approved source POs. But that does not affect us in any way for this tender because, as I mentioned, we are L1, and we should be expecting our quantities shortly.

Midhun James: Okay. So essentially, what you're saying is that it is not impacting us. It is a delay in terms of the Railway procurement system per se?

Suramya Nevatia: Specific case because of their restructuring that they are doing.

Midhun James: Sure. Okay. The next question is regarding Elventive. So to be fair with you, you have always given a guidance that it will take about 6 to 8 quarters for the Elventive -- to that entire consolidation to become margin accretive and turning around that facility.

But we have traditionally seen most of the acquisitions by Indian companies, not specifically in your domain, but generally, we have seen in CDMO in metals and all that, where Indian companies which have gone and acquired European entities have found it very difficult because the cost structures are very high.

And generally, the labor cost and all that is not as easy to be able to manage as in India. So we obviously have that cost advantage in India. And it has always been an Achilles Heel for Indian companies.

So what gives you the confidence of turning around this business? And do you currently feel that it has been a good sort of a move that you have done in Elventive and give us some more color on the business opportunities you have definitely given us the reasons why you have bought that business. But can you provide a little bit more confidence to the investors on your thought process behind that?

Suramya Nevatia: Yes, absolutely. So firstly, Elventive France has absolutely world-class and state-of-the-art manufacturing capabilities. That is something that we are aspiring to build here in India. We are able to learn a lot from them. Yes, the cost of labor is high, but then so is the competence that they have available with them.

If not for this acquisition of Elventive France, it would have been very difficult for us to portray ourselves as a global company. This opportunity has also opened gateways for us into multiple different domains, which includes opportunities in European Union and in the U.S.

It has actually elevated us, in a certain sense, a reputation of Hirect that we are not just an Indian company working with Indian Rail, but also that we are trying to become more global. We do have global quality standards, and we do have products that can go into the global field.

So from that perspective, yes, Elventive France is doing a fantastic job. There is enough opportunity even within European Union as they now move towards wanting to build more and -- more local and promote local businesses. Yes, there is definitely scope for us to make it profitable, even if the cost structure of people is slightly higher. But then even with that, even the sales price is slightly higher as compared to what it is in India.

And we do have certain big opportunities and big inquiries, which are at the final stages. And my level of confidence is high, and I still believe that we've done a right -- we took the right decision to do this investment. And I'm confident that we should be able to bring this to positivity.

Moderator: The next question is from the line of Manish Goyal from Thinqwise Wealth Advisors LLP.

Manish Goyal: Just on the propulsion system, the supplies we have started, what is the current order book? What I recollect probably -- earlier what you had alluded in the previous call was INR40 crores orders what we have. So maybe if you can clarify on that, like how many systems and what is the order size? And by when do you expect it to complete the existing order?

And number two, on beyond CLW, are we seeing more tenders from Banaras Locomotive and Patiala Locomotive? And have the bids been submitted? That was the first set of questions.

Manoj Nair: Okay. To the first question, we have roughly about 38 systems that are supposed to be supplied…

Manish Goyal: Sorry, Mr. Manoj, 38 systems you said?

Manoj Nair: Yes. That's a pending order. And we have -- the second question, there are 2 tenders, where we are in a favorable position. One is PLW and CLW and the tender from BLW is yet to be processed. So that's where it is.

Manish Goyal: Okay. And this CLW, like we are expecting to get some orders by when can it get finalized, sir?

Manoj Nair: Can't mention a time line is in advanced stage like we have already covered that topic earlier. So both PLW and CLW are in advanced stage.

Manish Goyal: Okay, sir. And sir, on order inflow, like back of the envelope calculation shows that we have probably this quarter received orders of INR350 crores. Maybe you can clarify that. And does this include the 2 development orders of INR60 crores, INR60 crores each?

And how should we look -- because what we are seeing is that order book is probably declining for last few quarters. Probably it was INR1,100 crores last year in Q2 and now we are at roughly INR795 crores. So just if you can give us perspective, how should we expect the order inflow? What was the order inflow? And does it include the development order? And how should we look forward to inflows going?

Manoj Nair: So the order book includes those development orders, the trainset orders. Number two, we are -- like we already discussed, we are in advanced stage as far as a few of the orders from the rest units are concerned. We are expecting those orders in this quarter. There's been a delay in processing those orders.

And number 3 is which our CFO already mentioned that the demand side from the Railways has been a little curtailed due to the diversion of funds to different sectors. So that has already been mentioned as well. So it is expected to be contracted in the second half. But we do have a few orders to be in this quarter.

Manish Goyal: Okay. And last question, sir, on Elventive in opening remarks, it was mentioned that there is probably some strategic interest which we have received. So maybe would it be possible to provide more clarity on this? Are we looking to give a equity stake or how should we look at it?

A.K. Nemani: We cannot disclose this information at present.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Suramya Nevatia: Thank you. I hope we have been able to address all your queries. Thank you for joining the call today during this auspicious festivities. It is a pleasure to speak with all of you, and we look forward to continuing our engagement. Thank you, everybody. Wish you all a Happy Diwali and a Happy New Year.

Manoj Nair: Thank you.

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