

Operator: Ladies and gentlemen, good day and welcome to the Q1 FY27 earnings call of Hirect Ltd. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Suramya Nevatia, Chairman and Managing Director of Hirect Ltd. Thank you, and over to you, sir.

Suramya Nevatia – Chairman & Managing Director: Good morning, everyone, and thank you for joining us for the Q1 FY27 earnings call of Hirect Ltd. I am pleased to be joined by our newly appointed Executive Director and long-time CFO, Mr. T.K. Nimani; our new Global Chief Executive Officer, Mr. Anand Chidambaram, whom I am delighted to welcome on his first earnings call with us; and our Chief Executive Officer, Mr. Manoj Nair, along with SGA, our IR advisors.

Before I begin, a brief word on our leadership. Mr. Nimani, who has served the company for 34 years, has joined the board as an Executive Director while continuing as our CFO. Mr. Chidambaram, who joined us as the Chief Global Growth Officer, has now been appointed as our Global Chief Executive Officer. He is the one who spearheaded and achieved our recent breakthroughs internationally. And, of course, Mr. Manoj Nair, our CEO, continues to lead our India business, focusing on revenue growth, operational excellence, and cost control. Meanwhile, I, the Chairman and MD of Hirect, will continue to build a highly dynamic and sustainable business for the company and continue to personally oversee our R&D roadmap, technology development, M&A activities, and, of course, engage with you, our investor community.

The structure reflects the company that we are building: strong Indian technology backed by efficient operations, supporting growing global businesses with disciplined financial stewardship.

The recent months have marked an important milestone for Hirect. Over the last few years, we have been steadily building capabilities across power electronics, traction systems, railway electronics, and advanced engineering. We are now seeing these capabilities come together in a much more meaningful way. Hirect is increasingly moving from being a supplier of individual components to becoming an integrated systems and solutions company. This transition is at the heart of our long-term strategy. It allows us to participate in a larger part of the value chain, increase the content we address in every locomotive and train set, build deeper technology capabilities, and then take these capabilities into new products, new customers, and new geographies.

So, let me now take you through the business segment by segment.

First, the Hirect business, orders, operations, and margins. We understand that Q1 order intake looks flattish. However, this quarter does not define the year that we have planned. We have participated in several tenders where we are at advanced positions, either L1, L2, or L3. These orders are expected to come in soon. Ordinarily, these finalizations would have come within Q1.

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There are multiple factors that have caused this delay, primarily the global geopolitical environment, which has led to certain temporary shifts within the government.

Furthermore, operationally, we are once again at a time when we face shortages in the electronics segment. We have not been severely affected by this yet, but the industry has, leading to lopsided inventory at the customers' end. We overcame this challenge a few years ago, and we are certain that we will mitigate this challenge once again if it poses a threat to us.

On the copper front, by manufacturing highly critical copper conductors in-house, we are improving control over an important input for our transformer business while also creating an opportunity to develop a separate business serving third-party customers and export markets. We see this kind of vertical integration as an important part of building a stronger and more competitive Hirect. It gives us greater control over our supply chain, supports our core business, and at the same time creates opportunities for additional revenue streams. There is already an impact from the copper conductors. Had it not been for the copper division, our gross margins would have been adversely affected by about 2%. That means we have saved about 2% on the material cost, and this cost saving is in its infancy. We are adding more initiatives within the copper vertical to further improve margins substantially.

Besides copper, there are a couple of other initiatives that are expected to be approved by the customer shortly, which will also contribute to an improvement in margins in the next few quarters. These would be within the electronics segment.

Second, Elventer France. Our investment in Elventer France is another important part of this transformation. Elventer's expertise in EMS, printed electronics, embedded systems, robotics, and industrial automation complements our existing power electronics capabilities and gives us a strong presence in Europe. As the business goes through this integration and scale-up phase, we are seeing some near-term impact on consolidated margins, as was expected at the time of that acquisition. We expect this to continue over the next 3-5 quarters as we work towards break-even at Elventer. However, as the business scales, we expect this impact to gradually moderate and margins to improve. Over time, we believe this platform can help us accelerate new product development, enter new applications, and strengthen our global footprint.

We are contemplating certain restructuring measures at Elventer France. The specific measures will be defined shortly. We are concluding discussions with certain marquee German automakers, and we hope to close these leads positively. These are significant, large projects, and the restructuring will position us to execute such orders very successfully.

Third, Hirect Global. Another important development during the quarter has been the expansion of our business into international markets. We have secured our first order from the United States for traction motor assemblies, marking our initial entry into the US rail market. The order is scheduled for delivery within the year and provides us with a platform to develop customer relationships and pursue further opportunities in the region. We see this as an encouraging validation of our engineering and manufacturing capabilities. Our objective is not simply to export products, but to gradually build Hirect into a global company.

We are building a leading power electronics company. The same technology platform is also opening opportunities beyond railways. We have also secured an order from the United States for IGBT converters for the mining industry. This is a big breakthrough and an important development because it demonstrates the applicability of our power electronics in a demanding industrial environment where reliability and uninterrupted performance are critical.

These are initial prototype orders which will be executed this year ahead of schedule, and once installed, we expect repeat orders in bulk quantities.

Fourth: New and emerging business—MEMU and Vande Metro. This is evidence of our evolution. Recently, we secured our first MEMU trainset propulsion order from Modern Coach Factory, valued at approximately 60 crores, covering four trainsets and an integrated propulsion system, including transformers, motors, propulsion systems, and TCMS.

We also secured our first order from the very first tender for the Vande Metro trainset. Let me repeat, this is not only our first order, but it is the very first tender for this specific train configuration. This covers the design, development, and commissioning of an integrated system comprising the propulsion systems, transformers, motors, TCMS, and other electronic equipment.

What is particularly important for us is the significant increase in the value we can address per railway platform as we move from locomotives to trainsets and next-generation mobility applications. Today, our content opportunity on a locomotive is around 5.5 crores. With our entry into trainsets, this opportunity increases to around 15 crores per MEMU trainset, while platforms such as Vande Metro offer an opportunity of around 60 crores per trainset. Our addressable content per platform increases by roughly 3 to 12 times.

We are no longer participating through a single component. We are bringing multiple technologies together and delivering them as an integrated railway system. These projects provide us with an important opportunity to demonstrate the reliability and performance of our indigenous propulsion technology in a trainset application and strengthen our credentials for larger system-level opportunities going forward.

These two orders are proof points that the technology roadmap we have been building for years is now beginning to translate into system-level opportunities.

Fifth: The propulsion system update. At the center of this transition, the main protagonist is our indigenous propulsion platform. Our field trial program is progressing well, and we have covered about 9,000 to 10,000 kilometers of the field trial. The program experienced several delays at various stages, most recently due to flooding in certain parts of Gujarat. We expect the trials to progress towards completion in the next few months. However, as per the new UVAM guidelines, we are now approved as a developmental source and will be eligible for 20% of tender quantities.

For us, the propulsion system is not simply another product in our portfolio; it is a platform around which we can build a much broader systems and solutions business by combining our transformers, motors, converters, control electronics, and other railway technology. Our long-standing experience in rail power has provided us with the foundation to make this transition.

As we look ahead, our focus remains very clear. We will continue to strengthen our core railway business while increasing our participation in high-value products and systems. We will continue to scale our traction transformers, propulsion systems, railway electronics, and other technology-led businesses. We will build on our entry into next-generation trainsets while also taking our power electronics capabilities into international and adjacent industrial markets.

We believe this transformation provides the right platform for us to pursue our long-term growth ambition. The foundation has been laid, the technology platforms are taking shape, and we are now seeing early evidence of our ability to address larger and more complex opportunities.

We will continue to evaluate opportunities in areas such as mining, defense, marine, power management, and other specialized industrial applications, as well as emerging technology sectors like AI and data centers, where our engineering and power electronics capabilities can create a differentiated solution. These adjacent applications are an important part of our broader strategy to diversify beyond our traditional markets.

These quarters of flat order intake do not deter us from our vision. Our target for the year of achieving 30% growth stays intact, and the year so far has only strengthened our ambition. The ambition of becoming a 1 billion revenue company in the next 5 years has now moved a few steps forward, as we have received proof of concept.

With that, I would like to hand over to our CEO, Mr. Manoj Nayar, for his remarks. Thank you.

Manoj Nair – CEO: Thank you, Suramya. I would like to take a few minutes to talk about what, in my view, is the most important foundation behind Hirect's next phase of growth: our engineering and technology capabilities.

At Hirect, we have always believed that sustainable growth in the railway business has to be built on strong engineering. Over the years, we have moved from individual power electronic products towards increasingly complex railway systems, and we are now strengthening this capability further through our investments in people, R&D, and product development.

Today, we have more than 200 engineers across our R&D centers in Mumbai and Hyderabad, with the Mumbai center focused on our core technology development and Hyderabad strengthening our software and digital intelligence capabilities. More importantly, our innovation pipeline has expanded to more than 50 products under active development, covering areas such as propulsion systems, brake systems, converters, HVAC systems, digital intelligence, and BMS.

As the CMD also mentioned, we are already seeing these capabilities translate into new opportunities, including our entry into next-generation trainsets and our first US orders.

We are also strengthening the manufacturing side to complement this engineering capability. At our Satpur facility, we have increased traction transformer capacity by 25%, from 60 transformers per month to nearly 75 per month, enabling us to support growing demand while improving manufacturing efficiency. The Sinnar facility's flexible and efficient layout has capabilities across propulsion systems, battery chargers, traction motors, HVAC systems, and our specialized copper conductor facility.

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This combination of in-house engineering, manufacturing, and validation gives us greater control over product quality, localization, and time to market. Ultimately, we believe this engineering depth and technological superiority will be Hirect's strongest competitive advantage.

We are confident that the investments we are making today in our engineers, R&D, and technology platforms will provide the foundation for Hirect's next phase of growth. I would now like to invite our new Executive Director and CFO to take this forward.

Management – Executive Director & CFO: Thank you, Mr. Nayar. Good morning, everyone. Let me take you through the financial performance for Q1 FY27.

Starting with the consolidated financial performance, revenue from operations grew 20.3% to 258.4 Cr, supported by healthy underlying business momentum across operations. Gross profit increased 32% year-on-year to 73.2 Cr, versus 28.3% of revenue. Consolidated EBITDA stood at 13.2 Cr, which is up 45.4% year-on-year and increased 57% sequentially, with an EBITDA margin of 5.4%.

The consolidated margin was impacted by the ongoing integration and scale-up of Elventer, which resulted in higher employee and operating expenses, along with an increase in other operating costs. As highlighted earlier, we expect this impact to continue for another 3–5 quarters as Elventer progresses towards break-even, following which margins could improve as the business scales.

Profit before exceptional items and tax stood at 8.1 Cr, which also reflects a significant sequential improvement. PAT after minority interest stood at 9.4 Cr for the quarter, including the exceptional gain of 3.35 Cr arising from the sale of land at Bhandup.

Coming to the standalone performance, revenue from operations grew 10.1% year-on-year to 236.4 Cr, driven by healthy execution across the core railway business and sustained traction across key product segments. Gross profit increased 7.2% year-on-year to 60.3 Cr, while gross profit margin stood at 25.5%. The moderation in gross margins was primarily due to higher raw material costs and increased input cost overheads due to the West Asia crisis.

Despite the volatile operating environment and higher raw material costs arising from the West Asia crisis, we were able to maintain healthy profitability, with standalone EBITDA at 25.1 Cr, witnessing growth of 3.2% year-on-year and an EBITDA margin of 10.6%. Standalone PAT stood at 15.5 Cr, registering 17.8% year-on-year growth.

This is all from my side. I now open the floor for Q&A.

Operator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking the question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question comes from the line of Surbhi Gupta with Trinetra Asset Management. Please go ahead.

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Surbhi Gupta – Trinetra Asset Management: Thank you so much for the opportunity. Sir, my question is regarding the capacity that you discussed for the copper conductor. I think 60–70% is for our own captive use, and the rest we will sell. How much is PICC and how much is enamel paper-insulated copper conductors?

Suramya Nevatia – Chairman & Managing Director: Suramya here. The overall capacity that we have installed is 350 metric tons. The PICC capacity is about 220 metric tons, but this is expandable because we may not be using the entire 220 metric tons for ourselves immediately. So, that is expandable. That is as far as PICC and EPICC are concerned. EPICC has a much higher capacity, more than 350 metric tons.

Surbhi Gupta – Trinetra Asset Management: Okay. How much revenue share do we expect to get from this in the coming years? Is there any range or indication?

Suramya Nevatia – Chairman & Managing Director: At this point in time, we are focusing more on internal consumption. We have started taking a few orders. This year, we will be primarily focusing on internal consumption while we establish credentials for external orders. External orders will be primarily in the power sector.

Surbhi Gupta – Trinetra Asset Management: Okay. Thank you.

Operator: Thank you. Our next question comes from the line of Deepak Purswani with Swan Investments. Please go ahead.

Deepak Purswani – Swan Investments: Thank you for the opportunity, sir. I just wanted to check a couple of things. Firstly, on the propulsion system, if you can update us on how things are in railway tendering for this year. I think every year, in the month of July, there has been a tender for the procurement of propulsion systems. How are we placed at this point in time for these opportunities, if you can please update us?

Suramya Nevatia – Chairman & Managing Director: Currently, we have tenders in the pipeline that are in the processing stage. In the sense, all production units have released tenders for propulsion units. As our CMD mentioned, there has been a delay in the tender processing, and this has moved to this quarter. So, we expect some of these tenders to be finalized towards the end of this quarter. To answer your question, yes, we have propulsion system orders or tenders in the pipeline.

Deepak Purswani – Swan Investments: Okay. Secondly, regarding MEMU and Vande Bharat, can you please update us on the annual tendering activity for these kinds of projects?

Management: Sorry, can you please repeat?

Deepak Purswani – Swan Investments: What is the annual tendering for MEMU train or trainset orders for Vande Bharat and Metro projects?

Management: The MEMU tenders are primarily in the range of about {? 200–250 ?} trainsets in a year, which have already been tendered by all 3 coach factories. Vande Metro is the first tender, as we have already mentioned. So, that is all for this year. There are certain Vande Bharat and some other Vande Bharat configurations in the pipeline. However, we are actively participating wherever

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trainset tenders are currently being pursued. Therefore, whatever orders come through are all part of this year's requirement.

Deepak Purswani – Swan Investments: Okay. Finally, if you can also give us a sense of the IGBT converter opportunity for the mining segment, which we are looking to explore in the US market. From the prototype stage, when would we move to full-fledged product development and tendering activity? What kind of opportunity is there in the US market for these segments, and which other markets can we explore for this product?

Management: Regarding the US converters, we are bound by very stringent NDA clauses, so we cannot really discuss too much about them. However, we expect to ship the product within 6 months. Once it is shipped, installed, and commissioned, and performs satisfactorily, we can expect more orders. Today, we cannot reveal the rating or the configuration of the converter, but the opportunity within the US for this is tremendous, and we intend to use those credentials to then enter different segments, including India.

Deepak Purswani – Swan Investments: Sure. Thank you. Thank you for answering the question, and I wish you all the best.

Operator: Thank you. Participants who wish to ask a question may press star and one. Our next question comes from the line of Midun James with Motilal PMS. Please go ahead.

Midun James – Motilal PMS: Thank you for the opportunity. My question is regarding our supply of transformers, traction motors, converters, and so on, and the fact that we are a development vendor for propulsion systems. How does this actually differ? In a propulsion system, you have all these components, if I am not wrong. We recently came across a company that got listed called Medha Electro Systems, which is claiming that it also has full development and full vendor approval for propulsion systems. I understand that Medha also has that approval. If Railways' tendering happens for a propulsion system, what is the relevance of the standalone power electronic parts that we supply? If there is an opportunity for those parts, what is it? I am not able to figure out how that plays a better part. If you can provide some clarity on that.

Management: The terminology "propulsion system" differs from application to application. When we talk about a locomotive, the propulsion system primarily constitutes 4 products: the main traction converter, auxiliary converter, vehicle control unit, and driver display unit. That is all that is part of the propulsion system for a locomotive. The traction transformer, traction motor, HVAC system, brake system, and everything else are bought separately. It is more like an à la carte situation.

However, when we move to trainsets, the terminology changes. The propulsion system then means the main converter, auxiliary converter, train control management system, driver display unit, driver desk, and it also includes the transformer, motors, and all other electrical and electronic equipment that goes into a trainset. That is the differentiating factor in the terminology for the different types of trains for Indian Railways.

Regarding our competitors, there are a handful of them competing with us in different segments and categories, but I would not like to comment either positively or negatively about any of our

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competitors, peers, or rivals. Thank you.

Midun James – Motilal PMS: I think that provides a little more clarity. What you are essentially saying is that for a trainset, the revenue opportunity improves significantly from the 3–4 crores mentioned in the previous call. So, that would be upwards of 40–50 crores, if I am not wrong. Am I right in that assumption?

Management: No, the numbers are different. It is 5.5 crores for a locomotive, approximately 15 crores for a MEMU motor coach, and approximately 60 crores for a trainset.

Midun James – Motilal PMS: Okay, thank you. One more question on the same line. What would be the TAM for the propulsion system? If my ballpark numbers are right, I believe there are about 10,000 locomotives in the Indian Railway system, and roughly 1,500 locomotives are tendered every year. I do not know if those numbers are right. What could be the TAM that we are looking at? Our guidance or aspiration is that we would become a 1 billion revenue company in the next 4–5 years. I do not see that kind of TAM from railway propulsion systems per se, because if the numbers you are giving and my assumptions regarding fresh tendering every year are correct, then the TAM is significantly lower. Am I right or wrong? Can you provide some clarity?

Management: There are 2 different things here. First, our ambition is not solely dependent on or reliant on Indian Railway propulsion systems. The Indian Railway propulsion system is a launchpad for us to gain credentials and become involved with many more applications and territories. That is a separate question.

Regarding the TAM, again, you have to break it down into different segments. If we talk about propulsion systems for locomotives, yes, it is 1,500 annually. It is then going to remain stable at around 1,500, plus or minus, more or less. However, the real increase in TAM is in trainsets, where Indian Railways has just started its journey of migrating or transforming the rail network from locomotives and coaches to trainsets. That is where the real opportunity will come in the next couple of years.

Midun James – Motilal PMS: Sure.

Operator: Mr. Midun, could you please come back to the question queue for further questions, sir?

Midun James – Motilal PMS: Sure. Thank you.

Operator: The next question comes from the line of Nishita with Sapphire Capital. Please go ahead.

Nishita – Sapphire Capital: Hello. Am I audible?

Management: Yes, you are audible.

Nishita – Sapphire Capital: I had a few questions. My first question is on the order book. You mentioned that some of our orders were delayed. Can you quantify the orders that were delayed and that we are expecting in Q2?

Management: No, we cannot quantify them because that would not be right for us today. However, what I can tell you is that in all the tenders in which we have participated, we are at very good

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positions, and it is just a matter of time before the orders are placed. It is not just us; Railways has not placed orders for all these components as yet.

Nishita – Sapphire Capital: Understood. By the end of FY27, what would our closing order book look like? Can you give some sort of guidance on that?

Management: No, we cannot give guidance for FY27. At this stage, we cannot provide that indication.

Nishita – Sapphire Capital: No problem. I wanted to understand whether there is any scope for the current 5% EBITDA margins to go lower, or whether these are sustainable numbers for at least the next 4–5 quarters.

Management: Regarding the margins, as I mentioned in the speech, consolidated margins are lower because of the ramp-up of our electronics entity, which is Sidwal. Sustainable margins are around 10–10.8% overall. It will take some time, perhaps 3–4 quarters, to reach that level. However, if you look at the period from March to June, where we have carried out some pure R&D prototypes on the track, consolidated margins have only improved. That is the next target, and we will work on it over the next 5 quarters and achieve it as quickly as we can.

Nishita – Sapphire Capital: In 4–5 quarters, can we expect the electronics branch to reach EBITDA break-even?

Management: Yes, yes, correct, absolutely.

Nishita – Sapphire Capital: Understood. Thank you so much. That is all from my side.

Operator: Thank you. Participants, if you wish to ask a question to the management, you may press star and one. The next question comes from the line of Ashish Soni, an individual investor. Please go ahead.

Ashish Soni: Regarding the MEMU and Vande Bharat orders that we received, who were our competitors, and can you share any margin profile for these orders? Regarding this US order, is it a trial order that will ramp up after the trial? Please provide some clarity on that as well.

Management: I have already covered this. The US orders are prototypes, and they are expected to yield large bulk orders. For the trainset orders, the competition profile is the same as for the propulsion systems and other electronic products that we serve. They are all the same competitors. We cannot give any indication of the margin profile on a product-wise basis.

Ashish Soni: In your opening comments, you spoke about propulsion, I think 9,000 HP. When do you think it can be completed, allowing you to move from the development stage to the main vendor stage for the propulsion system for Indian Railways?

Management: We expect the field trials to be completed in the next few months. However, at this point, it is perhaps more advantageous for us to remain in the development stage because we are eligible for 20% of the tender quantity, whereas there are about 6 or 7 different people in the approved source category competing for the remaining 80%. Mathematically, it makes a little more

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sense to remain where we are at this stage.

Ashish Soni: In terms of your own margin profile for MEMU, Vande Bharat, and propulsion, which has the highest margin for you? You do not need to give a number, but at least from a ranking perspective, which one has higher margins for you?

Management: Obviously, we have more clarity on the propulsion system because we are already involved in it, so that is better. However, for MEMU and Vande Metro, we are still in the prototype stage, so we would not like to share more at this point in time.

Ashish Soni: One last question about the 1 billion aspiration. When do you think the strategy can be presented to investors? It was discussed in the last conference call as well as today, but when will the strategy be presented for investors to evaluate?

Management: The strategy is already in place. We may not have prepared a formal presentation for it, that is for sure, but it is already in place because all of these things that are resulting in new orders are part of that broader aspirational ambition that we have. You will see different things happening over the years, and that is what we are working towards.

Ashish Soni: Thank you, sir. All the best.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question comes from the line of Huzair Lari with AUSAT Financial Advisory. Please go ahead.

Huzair Lari – AUSAT Financial Advisory: Good morning. Thank you for—

Operator: Mr. Huzair, we cannot hear you. Could you please use your headset?

Operator: Hello, sir. You are still not audible. Can you speak a little louder or use your headset?

Huzair Lari – AUSAT Financial Advisory: Hello. Am I audible now?

Operator: Yes, sir, perfect. Thank you.

Huzair Lari – AUSAT Financial Advisory: I have a question related to the propulsion system. What is the delivery and payment structure? Suppose we receive an order for a propulsion system. The delivery timeline is approximately 18–20 months, as you mentioned. What is the payment structure? Is it milestone-based payment, or will we receive the complete payment after delivering the system?

Management: After delivery.

Huzair Lari – AUSAT Financial Advisory: What is our strategy for the defense segment? What major products are we targeting? Do you have any indication on that? Are we primarily targeting the domestic defense segment, or are we also looking at exports?

Management: We are looking at multiple avenues within defense, locally as well as for export. It is in the range of power electronics and related areas. We do not know exactly what the product will be,

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and we cannot disclose that, but it is within our existing core profile.

Huzair Lari – AUSAT Financial Advisory: That is all from my side. Thank you so much.

Operator: Thank you. The next question comes from the line of Sajan Raj with {? Jedpro Finance ?}. Please go ahead.

Sajan Raj – {? Jedpro Finance ?}: Am I audible?

Operator: Hello?

Sajan Raj – {? Jedpro Finance ?}: Hello?

Operator: Yes, you are audible.

Sajan Raj – {? Jedpro Finance ?}: I wanted to ask whether, if possible, you could provide guidance on the propulsion units we would be able to produce in a year once approval is received.

Management: If you are talking about the locomotive propulsion system, we are geared up for approximately 120 sets per annum, but we are staging the facility for further quantities as we scale up the numbers. It is not an infrastructure issue at all; it is more about the numbers and the orders that we take in. Therefore, we do not see an issue with production capacity.

Sajan Raj – {? Jedpro Finance ?}: Okay. Thank you.

Operator: Mr. Sajan, does that answer your question?

Sajan Raj – {? Jedpro Finance ?}: Yes, sir.

Operator: Thank you. Participants who wish to ask a question may press star and one. The next question comes from the line of Mridul Jain with Motilal Oswal. Please go ahead.

Mridul Jain – Motilal Oswal: Thanks for the follow-up. My question is regarding the development vendor status that we discussed. Are we currently the only development vendor for propulsion systems? As I understand it, there are only 2 Indian-origin full-service vendors, and then there are other multinationals such as Siemens, Alstom, ABB, and others for propulsion systems. Does the railway promote self-reliance or indigenization for propulsion systems? Are companies such as Medha and BHEL given any specific weightage? Do we receive the entire 20% development vendor quota in the tenders for now?

Management: To answer your first question, yes, we are the only development vendor for the propulsion system. In terms of our full in-house capability across all the systems and subsystems related to propulsion, apart from us, there is only 1 other Indian source. The rest are multinationals, as you said. However, as far as preferential treatment is concerned, there is no preferential treatment. It is more about performance. Indian Railways qualifies vendors based on the quality, performance, and reliability of the product, and not on the basis of any specific preference.

Mridul Jain – Motilal Oswal: We recently came across a news item stating that Indian Railways had imposed certain conditions under which the technology either has to be 10 years old or has to be

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within India, along with multiple other conditions. Does that disqualify some of the multinationals, or companies that have acquired technology from multinationals, from participating in these propulsion tenders?

Management: As far as our current participation is concerned, the tender qualification criteria follow the RDSO portal guidelines. There is nothing indicating that what you have just mentioned applies to our products right now.

Mridul Jain – Motilal Oswal: Does that benefit you in some way, with some of the current players being excluded because of those conditions?

Management: The benefit is definitely in terms of the quality, reliability, and design control that we have over the product. Since everything is homegrown, we have 100% control over our technology, whereas some others may have to depend on external support. That is the benefit.

Mridul Jain – Motilal Oswal: Okay, yes.

Operator: Sorry to interrupt, Mr. Mridul. Could you please come back to the queue for further questions?

Mridul Jain – Motilal Oswal: Yes, sure.

Operator: Thank you. Our next question comes from the line of Garvit Goyal with Serenity Alpha. Please go ahead.

Garvit Goyal – Serenity Alpha: Hello, am I audible, sir?

Operator: Yes, sir.

Garvit Goyal – Serenity Alpha: Thank you for the opportunity, sir. My question is on the cost side. In Q1, management said that we were protected from cost escalation through the escalation clause. In the financial statements, we see that margins are slightly compressed. Can you tell us whether there has been any wage hike or other cost increase, or whether there has been any change in the escalation clause?

Management: You can see that margins have been maintained by and large, but our employee costs have increased slightly. As we mentioned in our initial remarks, we have targets for ourselves. Therefore, we have recruited additional employees, and the benefit will be seen in the coming years. Today, we have approximately 200 employees in R&D as well. If you closely analyze all these cost breakdowns and exclude the increase in employee costs, we are much better compared to last year, {? 150 ?} for last year.

Garvit Goyal – Serenity Alpha: Does that mean our escalation clause is the same as you mentioned in Q1?

Management: Yes.

Garvit Goyal – Serenity Alpha: Thank you.

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Operator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to the management for closing remarks.

Management: I hope we were able to address all your queries. Thank you, everyone, for joining the call today. It was a pleasure to speak with you, and we look forward to continuing our engagement soon. Thank you.

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

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

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