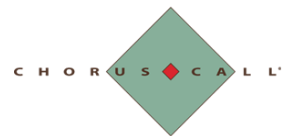


“CG Power and Industrial Solutions Limited  
Q2 FY'25 Earnings Conference Call”

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**MODERATOR:** **MR. AKSHIT GANGWAL – IIFL SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the CG Power and Industrial Solutions Limited Q2 FY'25 Earnings Conference Call hosted by IIFL Securities Limited. 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 an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akshit Gangwal from IIFL Securities Limited. Thank you, and over to you, sir.

**Akshit Gangwal:** Thank you, Sejal. Good afternoon, everyone. On behalf of IIFL Securities, I welcome everyone to CG Power and Industrial Solutions 2Q FY'25 Earnings Call. We have the pleasure of having with us the senior management team of CG Power led by Mr. Amar Kaul, Managing Director & CEO; Mr. Susheel Todi, Chief Financial Officer; Mr. Mukul Srivastava, President, Switchgear Business; Mr. Ajay Jain, Vice President, Transformers; Mr. Chidambaram Balakrishnan, Vice President, Railways; Mr. Indraneel Dhaneshwar, Vice President, Motors; and Mr. Sriram Rangarajan, EVP-Head of Consumer Products Business.

Without much of a delay, I will now hand over the floor to the management for their opening remarks, which will be followed by a Q&A session. Over to you, sir.

**Amar Kaul:** Thank you. Thank you so much. Good afternoon, everyone, and welcome to the earnings call of CG Power and Industrial Solutions Limited. For the quarter, our sales grew year-over-year by 19% and order backlog also remains robust. So with the backdrop of sales of INR2,270 crores and PBT of INR298 crores, adjusted PBT at INR334 crores achieved during Q2 FY'25 is highest ever for the Q2 in recent times, showing growth of 19% year-over-year and 8% versus previous quarter.

Now PBT was higher at INR298 crores as against INR293 crores in the quarter 2 of last year. And PBT percentage was lower at 13.1% of sales, and that's primarily because of strategic expenses that we had amounting to upwards of INR36 crores on acquisition expenses to our strategic initiatives. If we look at the adjusted PBT margin, it would have been around 14.7%. A bit of impact for the mix change, which is skewed a bit towards our railway business. That also was an impact there.

Free cash flow generated for the quarter was INR227 crores. So FCF to PAT was at 102%. And return on capital employed for the quarter (annualised) was at 33%. Order intake was at INR3,196 crores, which is 43% growth year-over-year and our unexecuted order backlog swelled at INR7,831 crores, which is 50% higher year-over-year.

If I go to the segment performance, starting with Industrial Systems, aggregate sales for the quarter was higher at INR1,425 crores, which is about 11% growth year-over-year. And PBIT was at INR166 crores at 11.6% as against INR207 crores. And again, the strategic expenses that I talked about, a major portion came from the Industrial business for the future growth in the Industrial segment as well.

Margins were lower because of the strategic expenses and, of course, as I said, a bit of mix change, skewed towards the railway business. Order intake for the quarter was INR1,732 crores, which is 56% growth year-over-year. And unexecuted order backlog at the end of the quarter was INR2,700 crores, which is 45% higher year-over-year.

Aggregate sales for the quarter was -- I'm jumping now to the Power Systems after Industrial. So the aggregate sales for the quarter was at INR846 crores, which showed a growth of 37% year-over-year. PBIT at INR149 crores, which is 17.6% of sales versus INR103 crores in Q2 last year. The margins are higher on account of operating leverage, the opex activity that we have and, of course, the cost efficiencies. Order intake for the quarter was at INR1,463 crores, which is 31% growth year-over-year. And unexecuted order backlog at the end of the quarter was INR5,131 crores, which is 53% higher year-over-year.

If I look at the consolidated results, which includes the performance of operating subsidiaries at Sweden, Germany, Netherlands, Drive & Automation, CG Adhesives Products India, CG Semi Private Limited, G.G. Tronics and other non-operating and holding subsidiaries. Aggregate sales for the quarter was up at INR2,413 crores, a growth of 21%.

PBT was at INR294 crores, which is 12.2% of sales. Free cash flow generated for the quarter was INR223 crores and the percentage to PAT was 102%. Return on capital employed annualized at the end of the quarter was 32%. Order intake was INR3,302 crores, which is 42% growth. And unexecuted order backlog at the end of the quarter was INR7,965 crores, which is 48% up.

Some key events, milestone that I would like to mention in Q2. First of all, the company completed the acquisition of G.G. Tronics India Private Limited with 55% equity stake at an aggregate consideration of INR319 crores. The good news is GGT already received a development order for INR4 crores approximately for the TCAS, which we call also Kavach system, which is train collision avoidance system. The same needs to be completed in the next 9 to 10 months and more to come.

Also, the company has entered into a definitive agreement with Radio Frequency Components business of Renesas, marking its foray into semiconductor design at the consideration of about US\$36 million. This business will be acquired by entities that will be established by the company, post completion of customary conditions that are applicable to regulatory approvals.

Further to our earlier capacity expansion for the power transformer business from 25,000 MVA to 35,000 MVA, in October '23, today, the Board of Directors also approved additional capacity expansion for power transformers at an additional investment of INR27 crores for additional 5,000 MVA capacity, which will increase the total capacity to about 40,000 MVA. And this expansion is proposed considering the expected increase in demand for the transformers and expected to be implemented along with earlier expansion project.

Unaudited financial statements with detailed notes are available as part of Stock Exchange filings and in the company's website as well. Thank you. Back to you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Subhadip Mitra from Nuvama. Please go ahead.

**Subhadip Mitra:** First question is with regard to the railway margins. You did mention in your opening comments that there is some weakness in the margins because of railways. So how long do you expect to see the Industrial segment being impacted by these margins? And do you see a potential recovery going ahead?

**Amar Kaul:** Yes. Thanks. Very, very good question. So, it's the transitional phase that especially in the railway business, especially in India goes by the tender even if you are quoted on the higher side. But whosoever is the L1, L2 and L3 is supposed to match the figures with that, and that have some impact on the margin erosion. Now that's one side of the story. Now how do we recover out of that? So, recovery out of that is twofold on the industrial piece of business, especially for railways actually.

If you look at the big-ticket item, we are focusing also on exports for railways, and the first milestone is already crossed. We recently received AAR, which is American Railroad Association certification successfully, which was detailed audit, which means that doors are open for CG for the US market for this business. So CG is considered as a bulk supplier to US for Class 1 railroad and for traction machines. So that's one step in that direction.

Second, is, especially for the Motors business, for which, for some time, has not been doing so well with the market conditions, but having said that, we have firmed up our go-to-market strategy, which means the area that still we have the application of motors and Drives and Automation, we are venturing into those areas with the go-to-market strategy vis-a-vis also focused on the operational excellence piece of it. So that becomes our vehicle to make sure we are driving that business to overcome this short-term impact.

**Subhadip Mitra:** So, should we expect a recovery in these margins in third quarter or fourth quarter? Or will it be a little bit more protracted?

**Amar Kaul:** It takes a bit of time. We cannot say exactly which quarter. But again, fundamentally, we are making this company stronger but having the right strategy execution because that's the vehicle for us to develop and grow.

**Subhadip Mitra:** Understood. Second question is with regard to the railway propulsion system offering. I remember in the last couple of calls, our management highlighted that some of these new offerings, bundled with the train collision, train control management system as well as anti-collision system. And the package would be available, and that should increase your overall offerings and TAM. So, by when do you see that piece of the business getting paced?

**Amar Kaul:** Sure. I'll pass the question to my colleague Chidambaram, who runs our railway business.

**C. Balakrishnan:** Yes. The Kavach, right now, we are at the development phase. So we get around 20% of the market share in Kavach. And we hope to get this Kavach qualified early next year. By January, we should be a full portion Kavach supplier. Then I think like the other propulsion suppliers in

Train 18, we can also qualify to give Kavach along with our propulsion system. So that is the rule in Train 18. But for regular business at CLW and BLW, that they have not combined this together.

This has to be a policy change at Indian Railway level. Because if it is done, many propulsion players who have been recently approved may lose the business because Kavach and propulsion together is a policy that railway has to look at. But we are working in that direction. In Train 18, of course, it is happening that way.

**Subhadip Mitra**

So, sir, with regarding the Train 18 opportunity, do you see a big tender opportunity up in FY'26 for us? And how large will it be?

**C. Balakrishnan:**

Train 18 is a big business, only player there who does around INR2,000-plus crores of business. And we will be the second company entering that foray. Our propulsion system is ready. And hopefully, by end of first quarter -- by end of this fourth quarter, we should be launching our propulsion system.

**Subhadip Mitra:**

My last question is with regard to the margins on the Power segment. So very commendable performance with very strong margins continuing. But do you see the potential for margins looking higher in that 18% to 20% range given that the shortage in high-voltage transformers continues? There is a ban on imports, and the export opportunity is also high. So if you could answer some of that, please, as well.

**Amar Kaul:**

So I think important is for us, as the organization and the management is focused on the top line along with the focus on margins as well. So both will go in sync upwards. As I talked about, we are fundamentally putting these structures and processes in place to make sure there's a laser sharp focus on operational excellence as well as commercial excellence. So that is going to give us growth, not only for Power Systems, but across all the businesses.

**Moderator:**

The next question is from the line of Mahesh from LIC Mutual Fund.

**Mahesh:**

Sir, EBIT margins in Industrial Systems are around 11.2% compared to 13.5%. So there is a more than 200 basis point decline. And so what is the outlook for, I think, next few quarters in terms of Industrial Systems?

**Amar Kaul:**

I think the answer stays with the same question that I said, focus on operational excellence and also the go-to-market strategy for the segments where we have not been there. We are actually going pretty strong on that as well. And if I had to talk about some of those areas where we were not present but, yes, are venturing into that is, for example, **EESL**, which is government-owned agency. We only started receiving the orders from them, where we are not engaged earlier. We are also venturing into desalination industry, especially from the Southern part of India with, again, the compressed biogas industry.

So these are the areas we are venturing as a vertical market strategy. I think that's what is going to give us not only the top line but also the bottom line. So more or less, so all the leading indicators are what we are impacting. Outcome is going to definitely show up.

- Mahesh:** Sir, I was asking in the context earlier, we had indicated that the competitive intensity is very high in the Industrial Systems side. So that was hurting our margin. So was that a reason for seeing a softness in the margin?
- Amar Kaul:** No. I think if you see last couple of quarters, we had an issue with -- because the markets are also not doing well. Motor business has been suffering. But instead of waiting for market to recover we are venturing in to -- get more aggressive in the markets where we can do more. Once you increase the market size, the pie that you can take better share out of that. And that should be impacting our margins as well.
- Mahesh:** Sir, last question from my end. Sir, last four quarters, our Power Systems business has been growing by more than 30%. And recently, government has also increased the capex estimates for transmission. So do we think, sir, over the next two, three years, we will keep growing with these kind of numbers?
- Amar Kaul:** Absolutely. You see...
- Moderator:** Ladies and gentlemen, we have lost the management connection. Please stay connected while we reconnect them. Thank you. Ladies and gentlemen, we have the management connection back on call. Sir, please continue.
- Amar Kaul:** Yes, sorry, I don't know where we left.
- Moderator:** The next question is from the line of Ankur from HDFC Life.
- Ankur:** So first question on the Motor business. If I understood your remarks correctly, I think you spoke about continued weakness even now. Because earlier, the understanding was given elections, there is some de-stocking with the channel. But clearly -- and correct me if I'm wrong here, but maybe the LT Motors, we're still seeing some weakness. So if you could just help us both LT, HT, how are you seeing demand kind of -- and when you really see demand kind of come back if it's not as strong as you expected?
- Amar Kaul:** So the question is two ways, one is waiting for the market demand to come back, second is what can we do about it. And some of the examples I gave in the previous -- to the previous question, I'm not sure if we got disconnected before that or not, is we're opening up into different segments also where our presence was not that strong, starting with the desalination industry to EESL order, which is more on the energy efficiency sector then ethanol sector by collaborating with the EPCs. And also localizing and developing products under Atmanirbhar Bharat. And that is where we are getting stronger and to open up more doors for us.
- So with -- so that's something which will actually help us to overcome any spikes which are coming from the market sentiments or election or any of those things. So you'll see some progress in the forthcoming months and quarters.
- Ankur:** And this weakness is in both LT and HT, is that correct? Or is it more dealer-driven, LT Motors driven?

- Amar Kaul:** No, LT is primarily because LT gets impacted more because we are on the higher market share there, right? So when you have -- on the higher market share, anything happening in the market, you are the first one to catch the cold. So that's where that's one impact area. And second is also on the large industrial motors. Then, of course, we are expanding on the capacity portion as well, and market is available there. So we are venturing into those areas, too.
- Moderator:** The next question is from the line of Jonas Bhutta from Birla Mutual Fund.
- Jonas Bhutta:** Two quick questions. Firstly, if you can update us on the status of the capacity expansions, when they go live for both motors, transformers, switchgears. And co-joined to that is basically what drove, Industrial segment order inflow in Q2? Was it motor heavy or railway heavy? And the last bit is on the strategy for the company and for exports, particularly motors and transformers. And also, I think you also had expansion plans for a strategy for Industrial drives, if you can cover all of this, helpful.
- Amar Kaul:** Yes, I think that's a very good question. So on the power side, the transformer capacity expansion that we had planned for earlier, that should be done in the next two quarters, which means March of next year we should be able to complete that. And in addition to -- we already increased our further INR27 crores that the Board approved today. So we'll keep expanding in that area because we can see the demand there. Switchgear is going to take a bit more time, so probably about a year or so from now because that work is underway.
- And we are looking at further opportunities to invest more into those areas. Motor capacity expansion is in progress. That is developing. Machines are coming. The plant expansion is happening. So it's going to take about a year or so more.
- Moderator:** The next question is from the line of Pranav from Canara Robeco Mutual Fund.
- Pranav:** So I understand there is a one-off of about INR36-odd crores as regards the strategic initiatives and consultancy fees in the numbers. On a segmental basis, where have they been accounted for? Are they part of Industrial or Power Systems?
- Amar Kaul:** It's a combination of both, but primarily on the Industrial side.
- Pranav:** So if I have to understand, then the margins of the Industrial, whatever is reported, should be intuitively higher than what...
- Amar Kaul:** Yes, absolutely. Absolutely. That's why I say, I'm not really worried about the reduced margin because these are more strategic decisions that are there to fuel our growth for future. So absolutely not.
- Moderator:** The next question is from the line of Bhoomika Nair from DAM Capital.
- Bhoomika Nair:** Sir, I just want to understand a little better on the Renesas acquisition that we did. What is the rationale? What kind of growth path do we look at? And what are the kind of margins, etcetera and how does it fit into an entire semiconductor strategy with the upcoming OSAT? And what

is the status on OSAT? So one, Renesas, second OSAT. And lastly, if I may just squeeze in on the QIP that you've announced, about INR3,500 crores.

Given that we have INR1,500 crores, what is really driving this QIP or what areas of capex are we really looking at? So if you can just highlight these three points, sir.

**Amar Kaul:**

Sure. Good. I'll do that. Although these are three questions, but that's fine. So I'll try to answer one-by-one. So first, on the OSAT piece that you already know the work is going on there. The construction is in full swing for the pilot project there. But as you know, this takes a bit of time. Leadership team is in place. So that work is continuing, which is more from testing, production, assembly of the business.

And the logic of RFC business, which is Radio Frequency from Renesas was more to bring in the design capability. Because that's what we want to bring into the country, not only assembly and testing. So this is a first step in this direction to get our arms around this segment and which is typically into two strength area which is wireless communication and then SATCOM. So these are the two areas. So we'll build our own capability in that.

And third question of yours on QIP is more basis -- you see these acquisitions that are happening and then I talked about our growth and expansion plans. So we will definitely -- in spite of we generating cash, we will still need more and more money and that is the logic why we need this surplus cash in the account.

**Moderator:**

Thank you. The next question is from the line of Amit Mahawar from UBS. Please go ahead.

**Amit Mahawar:**

Hi, Amar, congratulations on this new role. So two quick questions. First is on the acquisition of -- on the fund raise of INR35 billion, broadly is it more that we are looking at TAM expansion in the rail portfolio again or is it more industrial? Any color here is helpful. And second question is more about your global acceptance for motors and what Jonas also tried to ask about, what will we do in drives because taking MNCs head-on on selling motors with drive is not going to be easy. So these two areas, please.

**Amar Kaul:**

Sure. So one is, as I said, the expansion is the potential advantage that we have, design capability with Renesas that we are planning to buy. So that's where we have commitment. CG Semi has a lot of expansion plans. So we need to have a commitment into those areas. Then our own main business which is there for CG Power and Industrial with the demand that we are seeing and the go-to-market strategy that we have, we'll keep investing and ploughing money back into this area.

So that will include not only capacity expansion, but also innovation. And that's what you'll see more and more progress on, that indigenously developed products which should be the best in the industry in terms of energy efficiency, in terms of utility and value for the customers.

**Moderator:**

Thank you. The next question is from the line of Rahul Gajare from Haitong Securities. Please go ahead.



**Rahul Gajare:**

Hi, thanks for the opportunity. I want to delve on this industrial business. You did indicate in your opening remarks that it is basically the railways which is dragging down the margin. I want to understand in your overall revenue that you booked in this particular quarter, how much is revenue from railways and how much is the other industrial area? That is one. And given that you had indicated earlier, you have large order book of railways, so does that mean that the profitability or the margin of industrial business will continue to remain low at these levels? I think that's my first question?

**Amar Kaul:**

Okay. So no, the answer is that -- will it keep bleeding? The answer is no. And that's what our job is to make sure that in spite of -- let's talk about railway business which is a tendering business. And you have to match the price to accept it finally. But having said that, there are productivity areas that we are working on and that's why I mentioned in the beginning, the operational excellence is one of the vehicles for us to get better every day. And that's what we are practicing.

That journey has already started. And that's going to give us some results to overcome that gap, number one. Number two is, it's not only railways business that will impact the whole sequence. We have the other businesses also in the pipeline and everybody has to stand on its own legs. Of course, the percentage of growth will vary from business to business, but everybody has to come up to -- above those numbers.

**Rahul Gajare:**

But sir, I think for quite some time we are seeing sluggishness in the demand for Motors, whether it is volume growth or price decline. Can you throw some light on how -- what the volume growth on the motor side along with if there is any price variation, price movement that you've seen in this particular quarter?

**Amar Kaul:**

So I mean, maybe you didn't hear me. There was a similar question before as well where I talked about the motors business. Of course, when you talk about LT business, we are fairly strong. We're number one in the market share today. Now anything that changes there will impact us. Having said that, how do we expand the portfolio of that business and that's why as part of our go-to-market strategy, we are venturing into the area or the verticals where we have not been before.

And -- I'm repeating for you is, for example, EESL we already received about almost INR8 crores worth of order another a couple of more in the same sequence are also in the pipeline. Desalination is a big area that is coming up and we are tying up with the original equipment manufacturers. And again there are some good successes that have come in there. Then there is compressed biogas industry which is coming up there plus we are also partnering with some large customers as one product solution company, not only for motors because the moment you start going higher on the motors side, you complement it with the drive along with it.

Because energy efficiency becomes the key for everybody. So putting a variable frequency drive along with the motors and selling as a solution instead of just a commodity is what will differentiate us in the market.

- Rahul Gajare:** Yes. So the price -- so my limited point was the price decline that we had seen earlier in motors, is that stopped or we're still seeing pressure on the pricing?
- Amar Kaul:** No, that's over. That's history.
- Rahul Gajare:** Okay, fine. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Alok Ranjan from 360 ONE AMC. Please go ahead. Mr. Alok, I would request you to unmute your line and speak please.
- Alok Ranjan:** Sir, 2 questions from my side. Firstly, we were targeting meaningful revenue...
- Moderator:** Sorry to interrupt you, sir. I would request you to please use your handset.
- Alok Ranjan:** Is it better now?
- Moderator:** Yes.
- Alok Ranjan:** So 2 questions from my side. First is we were targeting meaningful revenue from the Motors expansion from FY'25. So just wanted to get an update whether any delays there in terms of the capacity expansion? And second question is in terms of semi design. You mentioned that we will be targeting wireless communication and STATCOM. So whether this design transfer is pertaining to these 2 segments or the capability can be leveraged to other segments also where the semis use, like automotive, consumer and other segments?
- Amar Kaul:** So once the transaction is completed, which will take some time, so this becomes our company. One is to localize and make sure that we have in-house technology for this particular business. And then we'll also look at the synergies between our businesses. For example, GG Tronics which we brought, the kind of know-how we have or the design capability, that actually matches very closely with the segment that is there. So we'll keep building on this electronics design, PLC-based equipment together on this. So there will be, of course, a lot of synergies. So it's our company, then we can keep developing on that.
- Alok Ranjan:** And sir, the first question was on the capacity expansion that we had highlighted in Jan 23 about the incremental revenue that we'll get from the Motors expansion. So any delay that we are expecting, the incremental revenue contribution from the expansion project in Motors?
- Amar Kaul:** So we are balancing that. Yes, that's a good question. So we are balancing capacity expansion with the pool from the market also. And the pool from the market is not the natural pool. It's basically what we are trying as per the go-to-market. That's why I keep mentioning these 2 statements. Is investing the capital for the expansion and also making sure there's a pool on the orders, which includes exports as well. So -- and you'll keep hearing from us every quarter the progress we are making in these 2 areas.
- Alok Ranjan:** And sir, just last follow-up. In terms of the frequency which is used in wireless communication and STATCOM, I think the kind of the frequency -- switching frequency used is very different.

So is it a very wide spectrum of frequency design that we will get with this deal? Or how we should think about it?

**Amar Kaul:** No, this is actually limited on, for example, for wireless and satellite communication, it includes stereotypically for the aircraft, for example, the entertainment system that you see in the aircraft. So it will be limited to that area. So generally they call it -- in satellite communication, they call it LEO, which is Low Earth orbit broadband constellation communication. So these are the areas that we will be into.

**Moderator:** Thank you. The next question is from the line of Aditya from Kotak Securities. Please go ahead.

**Aditya:** My question was more focused on an earlier question which I think was unanswered, on the strength of the order inflows in the Power and the Industrial Systems business, more importantly, in Industrial Systems. Because it seems that you are highlighting that capacity expansion has been delayed but equipment is extremely strong. So which areas are firing and how sustainable it is?

**Amar Kaul:** Your question is related to Industrial or for Power?

**Aditya:** More on the Industrial part, but you've given a good print on both aspects of orders inflows. If you could comment on the strength where it is coming from and the sustainability of it here?

**Amar Kaul:** Yes. That's what I said, I think I repeated that 2 times already. In the new areas or the segments, the verticals that we are targeting, where we were not present. That's number one. Number two is also plugging the 2 things together. Instead of being a commodity-driven kind of thing, just sell the motors, we are actually complementing it with the Drives business that we have.

Because both put together, especially when you go into the larger sizes, makes it much more energy efficient, especially the customers who need a variable frequency drive along with that. It makes a lot of sense for the customers to buy from us as one solution instead of them going to different. So more and more focus on value selling rather than commoditizing our product. That's the way our go-to-market is going on.

**Aditya:** Just a second question on my side. As in you've spoken about semiconductor, a little bit color would be more useful as to, let's say, over the medium term, how does CG Power want to be associated with the value chain of semiconductors? You've started talking about OSAT and design. But maybe more medium term, how do you think through CG Power's positioning and gamut of services and products you'll be offering in this domain?

**Amar Kaul:** So these are what, I don't know, how define medium term. But yes, semiconductor, it's a large investment and something this will show up because we are in this business for a long term. We are not looking at overnight growth or just make the profits and go out. This is a long-term journey that we have, and that's where these areas of investment that we are making are strategic and long-term investments. And it doesn't mean that it won't give the results. Yes, it will give you results the moment it gets productionized as per the schedule.

- Moderator:** The next question is from the line of Harshit Patel from Equirus Securities.
- Harshit Patel:** Just a small bookkeeping question first. How has been the orders and sales for the railways business in the first half of FY'25? So if you could give some quantum on that, that will be very helpful. Also, are we on track to propose a 40% revenue growth in FY'25 in the railways business as it was communicated earlier?
- Amar Kaul:** See, the point is so we generally have given only two segments which is Industrial and Power, and we don't give the details about each of the businesses, so apologies for that.
- Harshit Patel:** Sure. Just a smaller follow-up on the Motors business. How has the pricing moved from the first quarter of FY'25 to the second quarter? Has the prices increased substantially, especially for the LT Motors? That is the last question from my side.
- Amar Kaul:** I will not say substantially, but yes, it is stabilized. The erosion that was there that you had seen for a couple of quarters, as I said, that is history. So normally, what I see good days will come that's where we should look at.
- Moderator:** The next question is from the line of Rajit Aggarwal from Atharva Investment Managers.
- Rajit Aggarwal:** Just a quick question on the top line. I believe G.G. Tronics has been consolidated from 1 September onwards. Is that correct? And what is the contribution to the sales from G.G. Tronics for the 1 month of consolidation?
- Amar Kaul:** I'll get Susheel to answer that, our CFO.
- Susheel Todi:** So it's almost about 1.5 months. So the top line is approximate around INR20 crores plus. And they are at breakeven today.
- Rajit Aggarwal:** I'm sorry, did you say INR20 crores?
- Susheel Todi:** Yes, top line.
- Moderator:** The next question is from the line of Janak Vora from Janak Enterprise.
- Janak Vora:** I would like to welcome Mr. Amar Kaul to the family of CG Power and Industrial Solutions Limited. As we've seen your first con call. And we can see the freshness and most of the questions are answered by you.
- Amar Kaul:** Yes, thank you. Thanks for the compliment.
- Janak Vora:** My first question is, today's announcement of INR3,500 crores. As there is already INR3,000 crores cash on CG Power. So how do we propose to invest this...
- Amar Kaul:** Yes. So I think if you look at the cash that we have is about INR1,300 crores, not INR3,000 crores. And the commitment that you see we have right from acquisitions, investment into CG

Semi, investment into Renesas, buying the Radio Frequency Components business, the expansion plans and it's not over, by the way. Whatever expansion plans we have, until now, it doesn't mean that's the end of the story. There are so much we need to still do. And we will need money for that. So it's in that anticipation. Instead of getting into debt instrument, it's always better to raise money in advance when you know that you're going to need it.

**Moderator:** Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Akshit Gangwal from IIFL Securities Limited for closing comments.

**Akshit Gangwal:** Thank you, Sejal. On behalf of IIFL Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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

**Amar Kaul:** Thank you.