



“Advait Energy Transitions Limited Q3 FY25 Earnings Conference Call” February 14, 2025



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Moderator: Ladies and gentlemen, good day and welcome to the Q3FY25 Conference Call of Advait Energy Transitions Limited. 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference call is been recorded. I now hand the conference over to Ms. Krishna Patel. Thank you and over to you.

Krishna Patel: Thank you. Good evening, everyone.

On behalf of the management, I am pleased to welcome you all to Advait Energy Transitions Limited’s earnings call to discuss the Q3FY25 financial results. Today, from the management

side, we have with us Mr. Shalin Sheth, Managing Director, Ms. Rutvi Sheth, Head of HR & Strategic Communications and Mr. Priyank Shah, Head – F&A, IR & Corporate Affairs.

Please note, a copy of the disclosures is available in the Investors section of the website as well as on the stock exchange. Anything said on this call, which reflects the outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

Now I shall hand over the call to Shalin Sir for his opening remarks. Over to you, sir. Thank you. **Shalin Sheth:**
Thank you, Krishna.

Good evening to everyone.

We welcome you all to the first earnings conference call of Advait Energy Transmission Limited to discuss the company's business and financial performance during the quarter and the nine months.

We concluded our board meeting on the 12th of February, and please note that the company's investor presentation has been uploaded on the stock exchange for your kind perusal.

As this is the first call, in the larger interest of all, let me begin by providing a brief introduction about the company.

I began my journey as an entrepreneur in the year 2010. It was initially by bringing my experience and know-how of power transmission, substation systems, and power generation while working with companies like Adani Power, Kalpataru Power, and working very closely with India's and global power consultants.

From the first day of our operations, we focused on working professionally, and we started our company by providing products and solutions into niche fields, especially focusing on bringing products and services from the global market to the Indian market.

Initially, for the first three to four years, we were a consulting and trading company, and from 2014 onwards, we put our focus on manufacturing.

Since then, the motto of our company has always been to develop import substitution manufacturing and focus on bringing capacity in a suitable size and then nurturing the EPC business of those products. With this focus, we have created our Power Transmission Solution Division. This division is taking care of various products which have now matured in the last 4-6 years of operations, particularly every two years we are coming up with a new product in the same segment as import substitution, so that overall, our products have very limited competition.

If I explain about the Power Transmission Solution Division, our products are manufacturing stringing tools, emergency restoration systems, optical fibre ground wire (OPGW), optical fibre cables, and aluminium-clad steel wire. 2-3 new products are under pipeline.

We provide the EPC solutions as a live line installation of OPGW for which today Advait is among the top 5 companies in India. We also provide the EPC services into RDSS solutions.

That is, revamped distribution systems, and we also provide our EPC with high tensile low sag conductors.

Eventually, the entire segment that we are operating in is robust attributed to the boom in power transmission line requirements due to increase in power demand. To support this demand, a lot of transmission systems and substation systems are to be built in the coming 5 years which is expected to provide impetus to the product segment that we operate in. We foresee the growth momentum to continue over the next 5-10 years.

We also have developed make in India product Emergency Restoration System (ERS) and successfully supplied to Powergrid.

With the objective to foray into energy transition space, in the year 2023, we forayed into New and Renewable energy (NRE) space. With the support of government policy, favourable global environment and participation in sustainability projects we have started to look forward for enhancing our expertise into this domain.

Initially, we started with the turnkey solution of green hydrogen project, for which we have already finished the first project in February 2024. We were among the very few companies to complete the small microgrid green hydrogen project, and accordingly, we have also been awarded a new project of 1 megawatt, which we will likely be completed in the month of June 2025, and by that time we have also taken one more project of 15 megawatts. Our GH2 EPC division is working full-fledged and expected to take a big leap in the coming years.

Similarly, our another division is providing solutions in solar EPC and battery storage space. We are focused on developing at least 100 megawatts of credentials on an EPC basis of which we are about to complete 30 megawatts within this month. We are discussing more than 200 megawatts of solar EPC projects, which are in the pipeline.

At the same time, we worked on securing more battery energy storage systems projects and have chosen GUVNL, Gujarat because this project was offering very limited equity participation while getting the maximum benefit of the market. We have secured the first project of 50 megawatts on an annuity basis for 12 years.

At the same time, our company is focused on manufacturing green hydrogen equipments. We successfully won the PLI through SECI for manufacturing of electrolyzers, which we have received in two different tranches. The first in 100 MW and the second of 200 MW. At present we are constructing a plant for manufacturing electrolyzers capacity of 300 megawatts per year. With our focus on energy transition segment, we have tied up for technology with one of the advanced fuel cell system developed by one of the Norwegian companies. The manufacturing of advanced fuel cell system will be likely to commence by FY26. Initially, it will be through assembling route and with help of manual assembling/production to start with order from marine train power or heavy duty commercial vehicle segment. We look forward in becoming one of the renowned company in the NRE segment.

To help you understand on the division-wise break-up, Advait's PTS division comprises 90% of the revenue out of total revenue of Rs.210 Crore. Looking ahead, we believe that we will be

working at a similar pace in terms of growth numbers of the Power Transmission division. At the same time, we believe in the coming future, our New and Renewable Energy division will surpass the Power Transmission division.

Growth Outlook: To summarize, we are a company that is highly focused in the journey of energy transition. We continue to offer innovate product solution in power transmission sector with focus on import substitution, expanding and enriching our market share by providing EPC solution across country and continuously exploring tying up with global technology partners and doing manufacturing of those niche segment products in India under the NRE division.

With this I hand over the call to Priyankbhai to brief on the financials of the Company. **Priyank Shah:** Thank you, Shalin Sir and good evening, everyone. A warm welcome on Advait's first result conference call. I shall summarize the standalone financial highlights for the third quarter and nine months ending 31st December 2024:

- During the quarter, Total Revenue was at ₹ 94 crore, a growth of 30% from ₹ 73 crore in Q3FY24
- During the quarter, EBIDTA was at ₹ 15 crore, a growth of 24% from ₹ 12 crore in Q3FY24
- EBIDTA margin was at 16.0% as compared to 16.8% in Q3FY24
- During the quarter, PAT was at ₹ 10 crore, a growth of 34% from ₹ 8 crore in Q3FY24
- During 9MFY25, the company recorded a robust ever total revenue of ₹ 200 crore, a growth of 35% from ₹ 148 crore in 9MFY24
- During 9MFY25, the company recorded robust ever EBIDTA of ₹ 33 crore, a growth of 38% from ₹ 24 crore in 9MFY24. EBIDTA margin was at 16.4% as compared to 16.1% in 9MFY24
- The unexecuted order book (UOB) as on Dec 2024 stood totals of ₹ 476 crores out of which PTS division is ₹ 273 crores and to be execution in next 9 months and NRE division is ₹ 203 crores, and the execution will be in next 12 months.
- In Dec 2024, CRISIL Ratings has upgraded our long-term Credit Rating to CRISIL BBB+ to BBB
- Secured total preferential allotment (Including Convertible warrants) of ₹ 107.44 Cr in FY25 out of which Rs. 88.58 Cr has been received and started deploying towards the business expansion.
- Debt Equity ratio improved at 0.29 times as on Dec 2024 vs 0.48 as of March 2024
- Current Ratio also improved to 1.73 for 9MFY25 vs 1.41 FY24
- The company has comfortable net cash position at ₹ 30 Cr as of Dec'24 end

That concludes my update on the financial highlights of the company. I shall now request the moderator to open the floor for questions and answers session. **Moderator:** Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Raj, an Individual Investor. Please go ahead.

Raj: So my first question is regarding solar business. Can you repeat the order book of solar business and bifurcation between how much of it is in IPP and how much it is in EPC?

Shalin Sheth: Good evening, gentlemen. At the moment, we are executing our first solar project of 30 megawatts, which will be completed in the month of February 2025. We are looking forward for the pipeline of 200 megawatts of solar projects. We are not taking solar projects on IPP basis. We have been taking on EPC basis with a clear focus that we want to develop the first credentials for the 100 megawatts of EPC, which will help us for our future foray into battery and green hydrogen business. Thank you.

Raj: Okay, good to hear, sir, that you are only in EPC. So, my second question is the order from KPI Green has a realization of only INR2 crores per megawatt, which is very less if I compared to the market scenarios. So, is it because order is B2B and in future, what will be the realization? It will be in the similar lines or it can go further ahead?

Shalin Sheth: If you are asking about the realization of the revenue, so normally the solar EPC project is giving the revenue recognition of about INR3 crores to INR3.5 crores per megawatt. And we expect that by end of the project or by end of the month even our first project will also have the realization to these numbers. In future, for the EPC side, we may choose some other project that is without the solar panels but without B2B. In that case, the numbers may be different in terms of realization.

Raj: Okay. So, it should be there the confusion because in KPI Green, you have mentioned you have 30 megawatt of order was INR60 crores. It is around INR2 crores per megawatt realization?

Shalin Sheth: **Correct understanding,** this project is yet not completed. The numbers will be coming in next quarter Q4FY25.

Raj: Okay. My next question is regarding GH2 EPC business. Currently, we have one order of GH2 EPC. Can you share what is the bidding pipeline or what is the current order book in terms of megawatts?

Shalin Sheth: For Green hydrogen, our order book is of 1 megawatt, which is having the revenue recognition about INR10 crores to INR12 crores. And another project on which we have worked out and it is in a finalization stage in terms of project financing by our customer. As soon as the project finance is covered, we will take up the project.

Raj: Okay. And what is the capacity utilization of OPGW and what is your future outlook regarding it?

Shalin Sheth: So at the moment, we are using about 30% to 35% of the OPGW manufacturing capacity because it is just a second year of the operation. We look forward that this market within India and

globally will keep growing at the CAGR of 15% to 20%. Government is looking forward to replacing all existing OPGW from 24 fibers to maybe 48 fibers and 96 fibers. It is also discussed that all the 66 KV transmission lines will also be having the optical fiber ground wire and moreover, there is a huge number of new transmission lines also under construction. So, we believe that we will be having very interesting numbers time ahead..

Raj: Good to hear that, sir. Regarding our RDSS project, revenue has increased significantly. So, what is the future outlook or you can give any order book regarding it?

Shalin Sheth: We hope to have the order book about INR200 crores to INR300 crores for this division very soon. We will be choosing the projects very carefully because we are not looking forward to have the revenue only from the RDSS. We have the technology skills. We have the skill set. So we will be choosing mainly the revenue, payment terms of the end customer and the segment where we can complete the projects in time. So, we hope to continue growth in this segment as we have achieved the growth in the last two quarters.

Raj: Okay, sir. My last question is regarding our carbon credit. So currently we have 1.4 million inventory of carbon credit and it is going to increase substantially. So what is the process of monetizing it or how are we going to monetize it?

Shalin Sheth: See, at present we have been building this division. Our motto is to build as much as carbon credit with minimum cost. So we will consider this is an additional revenue when the time will come and companies able to take care of this carbon credit from our allied business which we have been taking from battery, green hydrogen, solar. So, I believe that by end of the next year this number should be increased by 10 times at very minimal cost.

Raj: Okay, thank you, sir. I will be back in the queue.

Shalin Sheth: Thank you so much for your questions. Thank you.

Moderator: Thank you. We will take our next question from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

Suruchi Parmar: Yes, thank you for taking my questions. Sir, should I get to know about the revenue bifurcation between your power transmission services and the NRE new division and FY26 and further, in percentage if you can just tell?

Shalin Sheth: Yes. See, as I explained that our NRE division is working with the battery and solar as one part, green hydrogen equipment manufacturing is the second part and the carbon and battery solutions is the third part. So, each division for the last year were in a nascent stage. So, we hope to have the very significant growth for the next 2 to 3 years.

So broadly I can say that this year where we have the revenue mix of 90% to 92% with the PTS and 8% to 10% of the NRE. Every year, while achieving the growth, we will be able to have the NRE division's numbers taking more and more share of the total business of the company. Broadly we can talk that it will grow by 5% in terms of product mix per year.

- Suruchi Parmar:** Okay. And can you highlight about the margins in the NRE division like it is better than the PTS and what do you think going ahead NRE will shape into the margin side?
- Shalin Sheth:** As a current strategy of the company, we are very clear that we will always continue to work with the very niche products and niche markets in power and energy sector. So currently we have received enquires for many opportunities in NRE segment to take the orders. However we will take only those orders with the lower margins where we are looking forward for the specific and strategic qualifications.
- Otherwise, we are looking forward for a healthy EBITDA margin for this division. Historical our company has been able to achieve the EBITDA always between 15% to 17% in past eight quarters. We would like to continue this momentum.
- Suruchi Parmar:** Okay. Can you specify about the PLI you are going to receive and from which year you are going to receive an estimated amount of PLI?
- Shalin Sheth:** Our first PLI scheme will be likely to commenced for us from year 2026-27. And this will be remain continue over the period of 5 years and we are supposed to get the total PLI benefit for 300 megawatts per year over the period of 5 years. So total PLI incentive available to the company is approx. INR440 crores.
- Suruchi Parmar:** Okay. For the next 3 years to 5 years, correct?
- Shalin Sheth:** Besides the total 5 years, and the major portion should likely to come in 3 to 4 years.
- Suruchi Parmar:** Okay. Thank you.
- Shalin Sheth:** Thank you, madam.
- Moderator:** Thank you. We will take our next question from the line of Devang from NB India. Please go ahead.
- Devang:** Firstly, congratulations for a very great set of numbers. Just I have one question as a long term investment perspective. What are the top line and bottom line estimates we are having for FY26, 27 and 28?
- Shalin Sheth:** Thank you, Devang. Our expectation for the top line and bottom line for the next 2 years should be to continue with the same numbers what you achieved.
- Devang:** So if I see them the last 3 years, we have been growing sales at 50% and almost the same profit also at 50% CAGR. So are we looking to repeat the same top line and bottom line growth rate of 50%?
- Shalin Sheth:** At the moment, yes we are eyeing for that kind of business.
- Devang:** And do we see any challenges for like having a deviation from 50%?

- Shalin Sheth:** That's what precisely I was trying to cover in my presentation. And if you can just look at the PPT, which we have uploaded on our website, we have mentioned in Chairman's message that our complete focus is towards developing the products and development of the services which enable us into the at the greater elevation by getting the qualification. So better the qualification, better the capability, we will be able to achieve the margins.
- So that is the only limitation which any business faces, but we have been able to mitigate and get successful since last 3 years is what we have planned for next 6 to 7 years of vision. So I think first 3 years we have overachieved and we hope that will continue the same.
- Devang:** Okay. And for solar, like what I am observing is that this December and January month, we are seeing very less tenders from the government. So is my understanding correct or this is a misconception? We are seeing the growth in the solar tenders.
- Shalin Sheth:** See, if I talk about the broader outlook for the solar, yes, precisely the new projects of the solar have reduced in last one quarter. But that is in terms of gigawatts. My company is looking forward for the project in terms of megawatts, that is 200 megawatts to 250 megawatts. And if you look at the Gujarat, we have got enough potential in Gujarat and Rajasthan for the solar project.
- So, we do not find any difficulty with these numbers. And secondly, what is happening that solar projects are getting delayed or not coming as predicted, that is because of the energy transition phase because solar projects are equally required to be contributed with the battery project and other energy transition phases. So that is what precisely we are also working to work on other aspects of the transition energy. And we will go side by side with the market, but at the end, we hope to achieve 500 gigawatts of energy transition.
- Devang:** Okay. And one last question, sir. When we are expecting to commence the green hydrogen project, that electro-cell or project?
- Shalin Sheth:** Our manufacturing phase for the first 300 megawatts should be completed by year 2026. And we will be able to supply the same by end of 2026 and the first year of 2027.
- Devang:** Okay, sir. Thank you so much. And again, congratulations for a great set of numbers.
- Moderator:** Thank you. We will take our next question from the line of Priyanshi Kankane from Brighter Mind Equity Advisors. Please go ahead.
- Priyanshi Kankane:** Thank you for the opportunity. Sir, I have a few questions from the JV which you recently did with TECO. So, sir, I want to know what is your capital commitment in this JV?
- Shalin Sheth:** Priyanshi, good evening. If you don't mind, can you please repeat the question? Maybe I am not able to hear it well.
- Priyanshi Kankane:** Sir, I want to know the JV which you did with TECO recently. So, sir, I want to know what is your capital commitment in this JV?

Shalin Sheth:

See, In this joint venture, we are obligated to invest 2 million. Consequently, the Indian JV will obtain a licensing arrangement to produce the fuel cell. **Priyanshi Kankane:** Okay, sir. And sir second question, I want to ask that what is the current scenario of fuel technology in India like what is your view on green hydrogen fuel technology and how much time India will take to adopt this technology and how much of value do you expect to generate from this?

Shalin Sheth:

Madam, given the present circumstances, we anticipate that India will enter a highly promising phase in the next two to three years for those of us involved in the green hydrogen equipment and services sector. As India is a country with limited fossil fuel resources, we are currently identifying numerous compelling applications where fuel cells can compete with the existing cost of power.

For example, there are many applications in India where the cost of power is more than INR25, INR30 per kilowatt. And I think we'll be able to offer those kinds of solutions soon. Once the green hydrogen or the grey hydrogen will be available in enough quantity, I think more and more projects which are having the feasibility will come up. And that will be precisely into the shipping, heavy-duty transportation and also as a replacement of the diesel generator.

Priyanshi Kankane:

Okay, sir. Thank you, so much and good luck.

Shalin Sheth:

Thank you so much, madam. Thank you.

Moderator:

Thank you. We'll take our next question from the line of Kushal Kasliwal from Inved Research. Please go ahead.

Kushal Kasliwal:

Yes, thanks for the opportunity. Sir just wanted to understand the competition in the green hydrogen space. I know this is a new vertical and we've not just started clocking revenues in this sector. But just wanted your overall sense of the competition because there are many large companies who have put up and won large PLI similar to yours to name a few like Waaree, Reliance and has the actual electrolyzer started getting manufacturing in India now?

Shalin Sheth:

Good evening, gentlemen. See, yes, you're right. There are large players also who have got the PLI and who are also putting up their plant but looking to the overall requirement of the electrolyzers and green hydrogen equipment in India, looking to the requirements what we are going to produce will be less than 1% or 1.5%. Number two, facing the competition, the big companies, maybe Reliance or Adani, they will be precisely working for their own consumption for production of the hydrogen.

Their core business will be to supply the hydrogen. So, rather we think that we'll be able to have more and more opportunity with those players also. And third if you just look at the green hydrogen equipment manufacturing space, it is going to offer enough space for all the quality manufacturers who have got the technology tie-up available and who have got the knowhow. So, yes, the tenders for the green hydrogen has already started.

All the oil refining companies are putting very serious efforts by replacing their grey hydrogen to the green hydrogen. And I think there are at the moment, there are five tenders that are already

owned, which are needing the electrolyzers with a total requirement of more than 220 megawatts.

Kushal Kasliwal: So, currently the electrolyzer manufacturing is on, you are saying in these five tenders. Currently, India is producing electrolyzers.

Shalin Sheth: See, previously, the electrolyzers were supplied to produce the hydrogen at the laboratory requirement at the lab scale, if it concerns to the green hydrogen. From last 1 year or 1.5 years, yes, India has started to supply the electrolyzers. But I will not say that to manufacture, because still a lot of components are imported, precisely the core components that we call the stack of the electrolyzers.

So, I believe in next 1 year we'll be able to have developed ecosystems. Overall, it will take at least 3 years to have the complete ecosystem. And we have been working to produce at least of 85% of the electrolyzers component in-house, in domestic basis.

Kushal Kasliwal: Can the PLI also mention certain kind of indigenization of these electrolyzers? So, when you say 85%, you mean 85% indigenization means that components will also be acquired from India and produced in India?

Shalin Sheth: There are two parts. I can reply to a question in two parts. One, to meet the PLI limitations, so if you just look at the PLI, one needs to ensure that we have been supplying more than 70% domestic component for the year 1, maybe 80%, then 90% in next 3, 4 years. So, yes, PLI is also asking to have the domestic component. Second to compete and to excel, we also have our own program to develop initially more than 60% then 70% and 80% domestic supply and then to in-house or developing our OEM partners so that we can supply more than 85% domestic component

Kushal Kasliwal: Understood sir. And sir my next question was on the green hydrogen EPC business which we have in the NRE segment? Sir, in this division what we are doing exactly, are we giving EPC services to other players to install electrolyzers at their place and produce green hydrogen?

Shalin Sheth: Sir, I would like to answer you like this we are not the companies like the Biggie's name you mentioned. So, we would like to first enter, learn, perform, stabilize the revenue. While stabilizing the revenue, we also work how to be a successful manufacturer and then how to provide the integrated solutions that is the journey which we want to take up.

We have done the same journey in our PTS division and that is working on its own to get more and more projects. Similarly, for the hydrogen, we plan that we will be doing initially the EPC projects. So, we finished the one project. We will be doing two, three more in this year or next year. While doing that, we have decided to develop the equipment so that we are putting up the factory for the electrolyzers and then fuel cell. We believe that this product mix in the next two to three years will be ready to fly.

Kushal Kasliwal: Understood, sir. Thank you so much for answering patiently.

- Moderator:** Thank you. We will take the next question from the line of Pushkar Jain from Mili AIF. Please go ahead.
- Pushkar Jain:** Yes. Sir, I just wanted to know the breakup of order book like INR476 crores is divided in what ratio?
- Shalin Sheth:** If you just look at the order book ratio of the division wise ratio.
- Pushkar Jain:** No just like INR476 crores order book and what is the breakup of the order book?
- Shalin Sheth:** You want to have the breakup order wise? I will just give this question to Priyank who will be having a detailed number. Priyank, please answer the question.
- Priyank Shah:** Hi. So, I would like to address your question. So, order book from PTS division currently as on December 31st, 24 outstanding is close to INR273 crores. Out of which the major order book is pertained to the EPC from DISCOM segment which is INR165.5 crores. Close to INR35 crores orders books is outstanding pertained to OPGW and another supply orders worth INR49 crores is pertained to the manufacturing of tools, ERS related. And around INR15 crores is pertained to the some of the services.
- Now pertained to the NRE segment. So, yes, from NRE segment we have order book of INR203 crores. Out of which from battery segment we have orders of around INR130 crores and GH2 EPC is around INR14 crores and balance is from the solar EPC.
- Pushkar Jain:** That answers my question. Thank you. And you said on the call that most of the orders are going to get executed in 9 months or 12 months. So, a INR476 crores order book. So, we can expect like INR120 crores top line per quarter.
- Priyank Shah:** So, I have mentioned whatever orders are outstanding from PTS division in various segments will be likely to get complete over the period of 9 months. And whatever orders currently stood in NRE segment will likely to complete over the period of next 12 months.
- Pushkar Jain:** Yes, sir. So, that is what I am saying just extrapolating the numbers INR100 crores to INR125 crores minimum top line can be expected for the coming quarters?
- Priyank Shah:** So, some orders are completing in some quarters, out of which some of the major orders are likely to complete in the next quarters. So to some up answer your question that the last order which is outstanding in the current order book is likely to complete within 9 months from today.
- Pushkar Jain:** Thank you, sir. That answers the question.
- Moderator:** Thank you. We will take our next question from the line of Amitabh Vatsya from Sadhan. Please go ahead.
- Amitabh Vatsya:** Thanks for the opportunity. I have two questions. One is with respect to the battery part. Do you want to play as an EPC or as a kind of an IPP or a developer mode you want to go with? And what is the business model and how are things evolving for you?

Shalin Sheth:

Amitabh ji, good evening. Yes. See, if we look at the battery as an IPP or EPC, it fundamentally differs about infusion of the equity. So, if I put my money over there, if you are my investor, you will be asking, you are investing and you are getting what kind of IRR and what kind of return you are going to get. So, we are open for both. We are looking forward only the projects where we will be able to get the significant or specific kind of IRR or the investment on our return on our equity. Then we are immediately choosing the IPP business.

Otherwise, we will be looking forward for EPC business till the time. We will look at our balance sheet and while managing our balance sheet, we will proceed for next 3 to 4 years because the opportunity is huge. At the same time, we would like to encase only the right opportunity for the company.

Amitabh Vatsya:

Okay. So, I have a question with respect to green hydrogen business. In terms of electrolyzer manufacturing, you are building a capacity which is huge like 300 megawatt per year. And right now, you just said that 220 megawatt is currently on the tender basis right now in the whole country.

So, if I sum it up with all the PLI candidates of capacity, it is going to be huge. If at least 2000 megawatt kind of electrolyzer capacity, you might be having in 2027. So, do you see the profitability curve for your green hydrogen business because right now the orders are not there. And when you see it coming?

Shalin Sheth:

See, if we know precisely the total requirements which have been gifted by the various firms is more than about 8 to 9 gigawatts. That's what kind of requirement is going to come in next 2 3 years, maybe next 1 year. And of that some tenders has started to float up. So, we also will take about 1.5 years to be ready to take up that opportunity. So, that's the reason we have chosen that path that whenever the system is ready, when the system is asking, I should be ready to take on the plunge, number one.

By the time we already have a very fast-moving and fast-growing current business, in our NRE division, we know the path for the next 5 years. So, while mentoring this path, we do not find any problem in terms of revenue or margin for the kind of business that we are looking forward to taking on.

Amitabh Vatsya:

So, do we have any list of potential clients in front of us because right now, there is one use case you spoke about is oil and gas. So, do we have any other potential list of clients which will be requiring electrolyzer from them?

Shalin Sheth:

We have been working with some of the companies who are discussing to provide the green ammonia. So, these kinds of companies who are putting up their plant under the PLI scheme of the ammonia, those will be our potential clients for the ammonia. We are also discussing with two of the steel companies. So, those will also be our clients. We are also working with one Delhi-based company into the distribution.

They are going to supply about 5% of the green hydrogen into the distribution network. So, they are also our potential customers and we have already received the line of confirmation of supply with them. At the same time, oil and gas is going to be the significant segment for the next 1 or

2 years. Overall, maybe in 2 to 3 years, it will also be expanded into the industries, into the segments like chemical.

Amitabh Vatsya: Can I squeeze in one more question with respect to green hydrogen?

Shalin Sheth: Yes, please.

Amitabh Vatsya: So in terms of the indigenization of fuel cell, which we are trying to have through TECO. So, where we are going to put it up in the manufacturing stage and how is the manufacturing setup looking like as we speak on the green hydrogen fuel cell as well as the electrolyzer manufacturing facility in terms of the hard asset land if you can give us some color?

Shalin Sheth: Thank you for the question. I think we are putting up the plant about 30 kilometers away from Ahmedabad. The total length requirement will be about 55,000 meters for the electrolyzers and fuel cell both. Our facility for both the units will be separate and our electrolyzer plant will be upended up to 1 gigawatt in the next 2 to 3 years.

So, we are looking forward for the 1 gigawatt of electrolyzers equipped manufacturing capacity. And for the fuel cell side, we will be putting up the first plant as a manual capacity wherein we will just manufacture the stack and the balance will integrate that is 50 megawatts for the first one or two years. And then we have tied up with the ThyssenKrupp to provide our complete automated line to scale up the capacity up to 400 megawatts a year. So, that is the fuel cell that we are looking forward.

Amitabh Vatsya: Can you repeat the name of the company that is helping you with the fuel cell in terms of setting up capacity?

Shalin Sheth: Our technology developer, TECO group, they have worked very closely with one of the giant companies in Europe, AVL. They are the technology developer company. So, AVL, TECO and ThyssenKrupp of Germany, they have discussed and they have worked out the assembly line. In fact, ThyssenKrupp is also providing similar assembly line to other fuel cell manufacturers of Europe.

Amitabh Vatsya: So is this fuel cell the most...

Moderator: Amitabh I request you to join back the queue please as we have other participants waiting.

Amitabh Vatsya: Sure.

Moderator: Thank you. We will take the next question from the line of Chinmay Dhyani from Sattva Ventures. Please go ahead.

Chinmay Dhyani: Hi, sir. Good evening. So, I wanted to understand our carbon markets and IREC services what you have put on the presentation. So, the business model over here and the financial model also over here. So, some thoughts on this?

Shalin Sheth: Chinmay, just to sum up your questions, you want to ask the business model for the carbon business.

- Chinmay Dhyani:** Yes, carbon credit business and financial also like whether you are taking it on the books, how you are procuring, etc?
- Shalin Sheth:** Thank you for your question. Precisely, we are getting two kinds of revenues from this carbon business. One is a consultancy that we have been helping to get our customers to get the carbon credit in their books. Second, we are also giving consultancy for the green hydrogen and the battery kind of developers that how they can get the carbon credit into their books. So, we have been getting the consultancy here in the second part.
- Third, we are also helping some of the Fortune 500 companies for advising them on their ECG policies. So, that is giving the consultancy part of the carbon. Second part that we are also taking some part of their carbon credit which eventually we get on our books, but we have got a very clear management policy that whenever we will start getting this carbon credit on our books, our revenue will come only at the time of selling.
- And for us, the carbon business is a supporting business for our NRE division because we have been giving our big foray into green hydrogen, again for the battery and solar. So, we hope that this is going to help and add the overall value of the company.
- Chinmay Dhyani:** So, sir, what is the maximum amount what you intend to deploy in procuring carbon credits?
- Shalin Sheth:** Sir, we are not looking forward to buy so that we need to deploy the amount in buying the carbon credit. We will deploy the amount to generate the carbon credit for our customers and that is in form of salaries and some tools.
- Chinmay Dhyani:** So, you will be not buying carbon credits from the open market, right?
- Shalin Sheth:** No.
- Chinmay Dhyani:** From any other company?
- Shalin Sheth:** No.
- Chinmay Dhyani:** And what kind of revenue do you foresee from this business-like what percentage of the revenue over next say 1 year or say 18 months?
- Shalin Sheth:** See, at the moment, we are focusing on getting revenue to start with maybe INR2 crores for the consultancy part and INR2.5 crores on the carbon credit selling part from next year onwards, but looking to the current scenario, this may be multifold in next 4 to 5 years.
- Chinmay Dhyani:** But no capital will be deployed from the balance sheet on this?
- Shalin Sheth:** No, sir we don't deploy any capital from the balance sheet for this business and our existing balance sheet is able to take care of the same and we don't need to deploy any capital for the same.
- Chinmay Dhyani:** Okay. Thank you, sir.

Shalin Sheth: Thank you.

Moderator: Thank you. We will take our next question from the line of Gautam Asnekar an Individual Investor. Please go ahead. Gautam, please check if your line is on mute. Since there is no response from the current participant, we will take our next question from the line of Raj, an Individual Investor. Please go ahead.

Raj: Thank you for the follow-up. So, we are going to spend around INR350 crores for 300 megawatt electrolyzer facility. So, how much of that is spent till now?

Shalin Sheth: Raj, your question is that we are going to spend INR330 crores for the electrolyzer and how much we have spent for the same. Am I right?

Raj: Yes, correct.

Shalin Sheth: So, first of all, we have not mentioned that we will be spending INR330 crores for the electrolyzers. We will keep on discussing about this budget and capex for the electrolyzers. Now, we have done the technology tie-up. So, we have spent some of the amount for the technology tie-up for electrolyzer business. We have given some advances for the land and we have worked out some licensing agreement and some of the software.

This is the amount we have spent at the moment. We believe that our major spending will come in the year 2026-27 for this plant.

Raj: Okay. So, sir, I want to know that for a 300-megawatt capacity of electrolyzer, how much is the capex requirement, if not 330 crores or 350 crores?

Shalin Sheth: I would suggest that these numbers are too specific to be given now, but what I can tell that our numbers will be most comprehensive and those will be most economical numbers that my company has worked out so that we can get the maximum ROI. But I cannot tell the exact numbers at the moment. Of course, we can discuss whenever you are along with our team in future.

Raj: Okay, sir. Secondly, you mentioned your best order book is around INR130 crores. So, is my understanding correct that it is distributed over 10 years to 12 years?

Shalin Sheth: INR130 crores for which business?

Raj: Battery energy storage system as a business.

Shalin Sheth: So, this is the business which we have received an annuity. So, this is distributed we can say that this is for the distributed for the next 12 years.

Raj: Okay, sir. And secondly, regarding our consultancy business we have 20 projects of 300 plus megawatts. So, can you tell me what is the revenue potential of it?

Shalin Sheth: Can you please repeat your question? I could not understand the question.

- Raj:** So, sir, for consultancy business, we have around 20 projects of 300 plus megawatts. Can you tell me what is the revenue potential of it?
- Shalin Sheth:** So, I think you have been discussing about the consultancy projects for the carbon consultancy, am I right?
- Raj:** Yes, carbon consultancy.
- Shalin Sheth:** So, as I have given the numbers to you that we are looking forward for the carbon consultancy of INR2 crores for the next year. And then we have the significant numbers in terms of carbon credits to be received from them and total revenue we are looking forward is INR13 crores.
- Raj:** How much, sir?
- Shalin Sheth:** These 13 crores is spreaded between 3 years to 5 years.
- Raj:** Okay. Thank you.
- Shalin Sheth:** And I think you asked a question about this INR130 crores, and I said it is an annuity of 12 years, but presently, year-wise, our revenue will be INR16 crores per year for the battery business.
- Raj:** Okay, sir. Thank you.
- Moderator:** Thank you. We will take our next question from the line of Gautam, an Individual Investor. Please go ahead.
- Gautam:** Yes, good evening, sir. And congratulations for your fantastic Q3 results. I just wanted to understand if you could throw some light on your ERS segment. I think that is being a niche area also where you are working on and how we are placed against the competition and how you foresee this business only ERS?
- Shalin Sheth:** You are asking about our emergency restoration system business.
- Gautam:** Right, sir.
- Shalin Sheth:** So here, we have already developed this product with more than 95% indigenization that is a local content. We are further developing two or three new models with the latest kind of channels. We already built up the team and our factory is set. Further this year, we are also going to deploy the automatic welding machine to take care of the proficiency of the channels.
- And we look forward that we being among the very few manufacturers in the world and maybe one or two manufacturers in India at the moment, we take a position so that we can take the maximum market share for next 5 years. And this year it is going to happen.
- Gautam:** Okay. Thanks a lot. And one more, sir if as a retail investor if I would like to visit our company, can it be arranged or how is it?

- Shalin Sheth:** Definitely, I will just ask Priyank bhai and our Company Secretary sitting here. They can definitely arrange a meeting with you. They will be happy to meet with you. Priyank bhai, please arrange it.
- Gautam:** That would be fantastic mind you and thanks a lot sir and all the best for the future.
- Shalin Sheth:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Shalin Sheth for closing comments. Over to you, sir.
- Shalin Sheth:** Thank you all for joining us on our earnings conference call today. Thank you for your support and trust in us. We hope that we have been able to address most of your queries. In case of further queries, you may reach out to our investor relation advisor – Ernst & Young and they will connect with you offline.
- Moderator:** Thank you, sir. On behalf of Advait Energy Transitions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.