



February 09, 2026

To

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai 400001

Scrip Code – 543597

Subject- Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript for Q3 & 9M FY 2026 Post Earnings Conference Call held on February 05, 2026.

Dear Sir/Madam,

With respect to above captioned subject, please find attached herewith transcript of the Conference Call for Analyst and Investors held for Q3 & 9 M FY 2026 on February 05, 2026 at 11.30 A.M. IST (12:00 hours)

Kindly take the same into your records.

Yours faithfully,

For Virtuoso Optoelectronics Limited

Prasad Zinjurde

Company Secretary and Compliance Officer

M No. A 54800



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Virtuoso Optoelectronics Limited

Q3 & 9M FY26

POST EARNINGS CONFERENCE CALL

February 05, 2026 11.30 AM IST

Management Team

Sukrit Bharati - Managing Director
Sajid Shaikh - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q3 and Nine Months FY26 Post Earnings Conference Call of Virtuoso Optoelectronics Limited.

Today on the call from the management team we have with us, Mr. Sukrit Bharati, Managing Director and Mr. Sajid Shaikh, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risk and uncertainties. Also a reminder that this call is being recorded.

I would now request the management to detail us about the business and performance highlights for the period ended December 2025, the growth perspective and vision for the coming years, post which we will open the floor for Q&A.

Over to the management team.

Sajid Shaikh:

Thank you Vinay. Good morning everyone and thank you everyone for taking the time out and joining this call. I would like to start with the discussion on the financial performance for both the Q3 as well as the nine-month ended for FY26.

Starting with the quarter third, the third quarter performance, Q3 has been a good quarter for us, kind of a comeback quarter if I have to say. The net sales for Q3 are almost INR205 crores, which is almost double than what we were able to do in Q2. Of course, historically as well, this is generally a good quarter.

What is important to note here is that the EBITDA margins have been very healthy for Q3. Standalone basis if you see, it's in excess of 11%. The absolute number is roughly INR23 crores for Q3 alone. PBT is also very healthy in line almost with the EBITDA. It's 5.1%. And in terms of value, it is about INR10.5 crores. PAT margins are also very healthy at 3.4% and the absolute number here is about INR7 crores, a little more than INR7 crores. So that's what we have done in Q3.

I would just like to add one more point over here is that till last year, as a company, we were not declaring quarterly results. However, we had given an update in the previous year, a quarterly update, a business update that we have given, which contained the top line numbers. So

whatever comparisons going forward, I am going to talk about are only on the top line numbers if I have to compare this year versus the last year. So that was Q3.

As far as the nine months numbers are concerned, we have been able to breach the INR500 crore mark. We stand at about INR505 crores. EBITDA is a shade under 11% at about INR55 crores roughly. PBT margin is also pretty healthy at 3.6% and the PAT stands at about INR10.3 crores, which is 2% of the number.

When you see Q3 of this year versus Q3 of last year in terms of top line, we have grown by almost 36%. We have shown a very healthy growth in the EBITDA numbers, primarily because of the other products that have come into play. So beyond AC, there are other products like the refrigeration products that have started to contribute. And moving to that, this kind of a product mix has helped us deliver a healthy EBITDA and hence a healthy PAT margin as well.

So this is a brief on the financial numbers that we have been able to achieve over the last nine months and quarter. I would like Sukrit ji to take forward in terms of the business updates.

Sukrit Bharati:

Thank you so much, and very good morning to all of you. And once again, thank you for taking the time to join.

So post the financial update, just a quick update on the overall business activities of the company. So over the last 9 to 12 months, as we've been updating, we've been investing in not just the AC business, but also diversifying our other businesses. And we are happy to share that the other businesses have now started contributing in terms of revenue and are becoming EBITDA positive standalone, which is helping the overall results of the company.

To go section by section and division by division, so AC Vertical, we have launched our own ODM designs, which is also shared in the PPT. And we have onboarded some additional customers as well, based on the ODM designs that we have launched. So AC, we are diversifying not just as an OEM to ODM, but also with multiple customers. Over the next three, four months for the current season, we are running on full capacity, or we have an order book which expected to run on full capacity for the next few months. So that is a good sign.

Of course, capacity expansions are also planned, but they will happen in due course. The capacity I'm referring to right now is only for Nasik

capacity that was installed and not the Chennai capacity. Chennai capacity, we have taken charge in January. We hope that by Q1, the plant will become operational. And the real benefit from that plant will only come for the next financial year. So that was in the AC division.

Coming to the next vertical of refrigeration, refrigeration has also picked up. We are seeing strong demand in refrigeration also, where existing capacity again for the next few months in the season looks to be completely booked. And we hope we can keep building on that. And there also the plant capacity expansion that we had earlier planned to do in this current year, but we have -- we deferred it for about six months. But that also we will continue doing by Q1 or Q2 in FY27. So that was the refrigeration segment.

The EMS and lighting segment continues to be good. The expansion that we have planned in EMS is ongoing, and we expect to double our EMS capacity by Q1 of FY27. So that will start contributing maybe towards the end of next year or the year or in FY28. So that vertical also is doing well standalone, but the growth in that vertical in numbers possibly should come towards the end of '27 or in '28.

The fourth vertical of compressors, we're happy to share that we are already at 50% plus utilization in compressors, almost three months behind our internal schedule. And we have a good order book for the entire calendar year where almost 60% plus capacity is already booked. And we are looking to book almost 70%-80% capacity, which is currently installed of 2.8 million in that segment. We also want to see how the government decision on QCO comes in March. Based on that, we will decide on a quick ramp up to add another five-odd million capacity. So we want to scale up to 7.5 million if the direction from the government is in line with whatever we expect. So that was on the fourth segment.

The fifth part of the component business, so the plant, the component plant in Chennai and the component plant in Sanand have also become operational. Chennai, of course, became operational last year, but in Q3, it became EBITDA positive. The Sanand plant last month has become EBITDA positive. So that is also helping and contributing to the overall movement of the company. So that was a quick update.

I see a good demand coming from various customers across product segments. Of course, this month -- this quarter and next quarter are our peak seasons. And we hope that with a decent summer, the number should be at their peak.

So I mean, that was a brief update about how things are in the company. Thank you so much. And I think we'll open for questions.

Vinay Pandit:

Sure, sure. Thanks, Sukrit and Sajid for the detailed update. All those who wish to ask a question, use the option of raise hand.

We'll take the first question from Akash Jain. Akash, you can go ahead and please restrict your questions to two in the first round. Thank you.

Akash Jain:

Yeah. Thanks, Sukrit. A couple of questions. One is, I think you briefly alluded to this compressor expansion and the government decision that will hopefully come in March. So if my understanding from your brief is there, then basically the expansion from the current capacity, doubling it, and also the fact that we were doing expansion to go one level deeper on backward integration and increasing margins that are both contingent on what the outcome of that government decision will be. Am I right? It's not just capacity expansion, but also backward integration. Both of them are linked to that decision.

Sukrit Bharati:

So the lateral increase in capacity is dependent on customer capacity booking, which is an ongoing process. So that may or may not happen. I mean, that may happen regardless of the government decision. Because if we are in discussion with two, three customers, and if we get a strong order book from them, then regardless of the government decision, we will go for lateral expansion in capacity.

Backward integration will, of course depend on the government outcome. So the two parts, one is lateral increase in capacity is dependent on customer order book and not so much on the government decision. The backward integration will depend on government decision.

Akash Jain:

But the customer order book to some extent is also dependent on the government decision, right? So I'm just saying if the government decides to delay or the decision is not as positive as we are hoping for, then obviously, the imports from China continues. And to that extent, the customer order book may also get impacted if I'm not mistaken, right?

Sukrit Bharati:

Correct. So if the government says that there is a finite time for which extension is being granted, and that is probably a definitive timeline, then also lateral expansion has no impact, because still it is a clear

guideline that ultimately the decision is favourable. But if there is no finite timeline, and it is an indecisive decision, then yes, order booking will also get slower.

But the only silver lining there is that regardless of government decision, local supply chain building is something that brands are trying to do irrespective as long as pricing is similar. And we've so far been maintaining similar prices with customers. So I believe the shift will happen. Of course, not as fast as it will happen if the government decision is strong.

Akash Jain: Understood. Another very basic question, Sukrit, maybe you would have answered that earlier in some other concall. See, we are seeing metal prices going up. And I understand clearly on the AC side, obviously our margin to some extent will be protected by the customer. But can you give us a sense of what happens in a rising metal prices scenario, both on margins as well as inventory gains and loss and how much part of the business is protected back to back by the customer and how much of the part of the business is something where some exposure or risk we are running? Can you please help us understand a little bit of that?

Sukrit Bharati: So maximum customers, we are on a conversion pricing model. So there, the cost is transferred and the impact to us is minimal. In most cases, I mean, majority currently we are operating like that. There are some customers which are price-based where pricing gets done on a quarterly basis. So in that case, it is a setback for a specific quarter, but next quarter, it sort of corrects itself. So if you ask us, we are not expecting a massive impact of copper prices on our margins in the coming two, three months.

Akash Jain: There may be some impact on the short term because of inventory gains and loss also because there may be a delay in passing on some of these costs to the customer. But over a period of time on a rolling basis, you think everything will stabilize to the current levels?

Sukrit Bharati: Correct.

Akash Jain: Okay, yeah. I'll get in the queue. Thanks. Thank Sukrit.

Sukrit Bharati: Thank you.

Moderator: We'll take the next question from Siddhant K. Siddhant, you can go ahead.

Siddhant K.: Good morning, sir.

Sukrit Bharati: Good morning.

Siddhant K.: Sir my first question is regarding the 10 lakh units. Is it including the Chennai plant?

Sukrit Bharati: It is, yes.

Siddhant K.: Okay. And what is the capacity of the Chennai plant?

Sukrit Bharati: About 300,000.

Siddhant K.: Sir, can you please give us the revenue breakup for this quarter as well as for nine months in terms of segment?

Sukrit Bharati: You want segment-wise revenue breakup?

Siddhant K.: Yeah.

Sukrit Bharati: I don't have the exact numbers, but for the last quarter or the last nine months, out of the total INR500 crore revenue that we have done, roughly INR300 crores to INR320 crores would come from air conditioning business. About INR70 crores to INR80 crores is coming from EMS business and INR60 crore to INR70 crore is coming from refrigeration and the remaining is coming from compressor. About INR15 crores odd probably from compressor and remaining from components.

Siddhant K.: Compressor is INR15 cr.?

Sukrit Bharati: That was because it started mass production only in mid-November or December.

Siddhant K.: Right, sir. And sir, are we still sticking to the guidelines? In the last quarter, you mentioned that we are looking at INR200 crores of revenue for the compressor business in the next financial year?

Sukrit Bharati: We are, yes.

Siddhant K.: So are we sticking to that guidelines?

Sukrit Bharati: We are, yes.

- Siddhant K.:** Thank you, sir. I'll get back in the queue.
- Sukrit Bharati:** Thank you.
- Moderator:** Thank you. We'll take the next question from Garvit Goel. Garvit, you can go ahead.
- Garvit Goel:** Hi. I am audible?
- Sukrit Bharati:** Yes, please.
- Garvit Goel:** Sir, in your opening remarks, you sound very positive across the segments. So do you think for this year, we will meet our guidance of INR800 cr. to INR900 cr. with 2.5% to 3% net margins? And what is the outlook looks like for FY27, sir, across the segments?
- Sukrit Bharati:** So we are holding on to the guidance, yes. For this year, there's no change in that. That is point number one. Point number two, for the next year, we'll give you more accurate numbers probably by end of March or in the April call, rather than giving it now. I think we'll have more clarity. We'll share it with you then.
- Garvit Goel:** Okay. And on the refrigeration segment, last quarter, you mentioned that you started doing the assembly for a couple of customers. So are you seeing any major demand traction here, particularly in this segment and any colour on the size of the market in India?
- Sukrit Bharati:** It's a small -- it's not a very big market, because the market that we are catering to is the premium segment in refrigeration. And currently, not a massive product segment for us also within the refrigeration portfolio. But the demand from customer that we have is consistent, even though overall monthly value is about, I think, INR1.5 crores, INR2 crores, not a massive number, but it is a consistent number.
- And the size of the market, my estimate for the frost-free and multi-door segment is between -- should roughly be about 0.5 million in the country. So it is a growing market, but currently a small market. The only advantage is that nobody else in the country, no other OEM or ODM is currently doing multi-door refrigerators assembly or production in India, as far as our knowledge goes. So that was one highlight for that product. But I think it is a slow and steady approach. Let's see if there is more demand, we will further invest in that segment.

But otherwise, we'll continue to assemble those products as per customer requirements.

Garvit Goel: And lastly, on the product mix change, we are like reporting good margins in this particular quarter, mainly because of the non-AC products. So what is the trajectory of margins, do you think, going ahead? Are these kinds of margins sustainable over quarter-over-quarter? Any colour on that sir?

Sukrit Bharati: So guidance of margin, we are still maintaining 9% to 10%. Of course, the intention is to have better EBITDA margins, but we continue to hold a 9% to 10% guidance on EBITDA.

Garvit Goel: Understood sir. I'll join back the queue, sir. Thank you very much.

Sukrit Bharati: Thank you.

Moderator: Thank you. We'll take the next question from Shreyans Jain. Shreyans, you can go ahead.

Shreyans Jain: Hello. Am I audible?

Sukrit Bharati: Yes, please.

Shreyans Jain: Yeah, sir. So I have a couple of questions. So first about the Star Eltech, Chennai facility. Do they only have ODU capacity or IDU, ODU both? And will we be making for Vestar only or other brands as well?

Sukrit Bharati: We intend to make for multiple brands, not only for them. That is point number one. Point number two, they have both IDU and ODU capacities. So they are fully backward integrated except for moulding. Plastic moulding is outsourced.

Shreyans Jain: Okay, sir. And sir, second question, are there any players who do contract manufacturing in deep freezers? Or they are mostly dominated by brands in-house?

Sukrit Bharati: So there are, I mean, of course, there is one player who does OEM-ODM in this segment solely. And there are a couple of other players who are manufacturing for their own brand also, and they're also doing OEM-ODMs. So but totally not more than four or five players in the entire segment who are branding for somebody else.

Shreyans Jain: Understood. And sir, one last question, on the compressor parts, sir, out of 2.8 million capacity, how much are we using for internal consumption? And how much of the capacity are we going to sell to third parties?

Sukrit Bharati: Our internal consumption will not be more than maybe 0.3 million or maybe 2.5 lakhs to 3.5 lakhs lakhs in the next financial year, which is about 0.2 million or 0.3 million. So sorry, 0.2 million. The remaining everything will be outsourced. It will be for outside customers.

Shreyans Jain: Okay, sir perfect. And sir, one last question on the washing machine side, how is it ramping up? And what would be the time to reach peak capacity utilization?

Sukrit Bharati: Washing machine, the season starts effectively in April, May. We've completed the initial pilot, and we are looking at a field trial stage of the product. We are hoping that we'll start ramping up towards April or May this year.

Shreyans Jain: Thank you so much, sir. All the best for the next quarter.

Sukrit Bharati: Thank you. Thank you.

Moderator: We'll take the next question from Piyush Jain. Piyush, you can unmute. Piyush?

Piyush Jain: Am I audible?

Sukrit Bharati: Yes, please.

Piyush Jain: Piyush Jain from this side. Yeah, there was some technical with respect to my mute. Yeah. Good morning, Sukrit. Thanks for the call and update. A couple of things from my side. You said a compressor is a 28 lakh capacity, and this is only respect to you said, that we can increase of 50 lakhs basis the government decision or something. So can you give some capacity utilization number for current quarter or let's say, by next year, what type of percentage utilization we will be achieving this? And when you talk, this business can be what size, meaning how to interpret this 28 lakh capacity, how much business this can generate, and additional 50 lakhs. You talked about additional 50 lakhs or total 50 lakhs, just clarify.

Sukrit Bharati: Right. So first part, the refrigeration market quickly, it is about 22 million currently in India, out of which 14 odd million is currently

imported. 13 million to 14 million is currently imported. The rest is with some there are the large Korean companies are manufacturing compressors locally. So predominantly, the balance on quantity comes from them as far as our understanding that is a point one. Point number two, the 2.8 million capacity that we have can achieve a top line of about INR400 crores based on the product mix and the size of compressors that we make. That is point number 2, point number -- so, that answers the second question.

The third part of the question for this quarter, we are looking at a 50% to 60% capacity utilization. And post-April, we are looking at a 60% plus capacity utilization.

Piyush Jain: Okay. And this capacity will be increased basis whatever government positive decision from 28 to 50 or 78?

Sukrit Bharati: To 75, yes. To 75, 78, yes.

Piyush Jain: Got it. Okay. Another question is from broader perspective with whatever I've interacted you in the past. For current year, you said if AC business works out maybe 900 to 1,000, whether we will be able to achieve that guidance considering this Q4 is largely an inventory built-up of this? And for the longer perspective, where do we see after because last 12 to 18 months, we have done a lot of new product like compressor, deep freezers and components or heat exchanger. So what kind of revenue we can see from '27, '28 where all segments start firing?

Sukrit Bharati: So two parts. This year, I mean, the revised guidance that we had given for INR800 crores to INR900 crores, we are maintaining, probably. So that is point number 1. Point number 2, next year guidance, of course, like I answered previously, we'll probably share with you by April. Because once we have more accurate numbers, but it is looking to be a strong year. And overall, the revenue diversification in terms of product mix will be much better than it is now.

So we believe AC in the overall revenue will go down, will be about 60% to 65%. And 30%, 35% will come from the other products that we have invested in in the last couple of years, or last one and a half years. So the product mix becomes better. It also helps us maintain 9% or 9% to 10% EBITDA margins overall as a company. So that was the -- so that is -- that is how it will look like. I hope I've answered your question.

- Piyush Jain:** Yeah, last question from my part -- on two parts. One is this INR100 crore PLI, is this factored in EBITDA whatever we are receiving or we have not received a significant amount?
- Sukrit Bharati:** It is factored. It is factored. Yes.
- Piyush Jain:** So till now, how much we have consumed this PLI and how much is remaining out of this INR100 crores?
- Sukrit Bharati:** So, in INR100 crores, the total PLI value that we are going to realize is about INR40 crores. The exact number is INR37 crores plus INR20 crores, INR57 crores.
- Sajid Shaikh:** INR57.5 crores maximum.
- Sukrit Bharati:** Yes, INR57.5 crores is the maximum permissible out of which half roughly has been factored for over the last three years. Half is pending.
- Piyush Jain:** Okay. And last question, how much share of our business from Voltas has reduced recently or something percentage dependence and how many new customers in AC segments specifically we have added?
- Sukrit Bharati:** So we are seeing a strong demand from Voltas and they continue to be -- I mean, I believe the numbers that we expect from them are similar or higher than what we did last year. But the other customers, we've added three customers currently, onboarding maybe another one customer this season.
- So four additional customers this year in AC apart from Voltas. But the share of Voltas has either remained the same, volume of Voltas remain the same or is expected to grow based on the current numbers that we have.
- Piyush Jain:** Okay. Thank you so much. All the best.
- Sukrit Bharati:** Thank you.
- Moderator:** Thank you. We'll take the next question from Dhruv Jain. Dhruv, you can go ahead.
- Dhruv Jain:** Hi Sukrit, hi Sajid. Thanks for the opportunity. Sir, my first question is related to the inventory issues that we've been seeing, right? So I think a couple of your peers have spoken about inventories being piled up in the channel while you maintain that you have a very healthy order book.

So is that a risk for the first quarter or do you think that the new customer additions will sort of offset the impact that you may have because of this issue? Obviously, everything is dependent on summer as well, but some thoughts would be helpful.

Sukrit Bharati: So of course, we have a smaller base as against our customers. The second thing was with a larger customer variety, I think your inventory levels tend to be higher because you have to maintain a larger variety of inventory. So we were fortunate that last six months when I mean during the five, six month lean season which hit the industry, we were not sitting on as much inventory as our peers. We were fortunate that way. Inventory levels with customer addition will go up slightly, but I don't believe they will have an impact on numbers for production, if that is the question.

Dhruv Jain: No, I was talking about channel inventory.

Sukrit Bharati: Oh, sorry, sorry, sorry, sorry. Channel inventory, sorry.

Dhruv Jain: So I mean, fourth quarter, I mean, from whatever commentary is that most of the AC brands have spoken about, channel inventory seems to be high. So while you said that you have a very strong order book in the fourth quarter, is that a risk at some point of time in the season, that numbers may see a dip or because you have a significant customer addition, which were not there last year, you think you will be able to offset most of it?

Sukrit Bharati: So I think we'll be able to offset most of it, point number one. But point number two, channel inventory, I think dried up by the end of, I mean, or dried up in the sense it significantly reduced by October, November, from whatever discussions we've had. December onwards, of course, the channel has again started buying material. And I believe industry has been doing good numbers in December and Jan overall, as far as primary sales are concerned.

So unless secondary sales are muted, I don't see a challenge with primary sales continuing. So that being said, I mean, that is in industry in general, from whatever we are understanding, based on discussions with our customers. But we believe we will be able to offset that challenge. Hopefully, there should be no hiccups in this season.

Dhruv Jain: Sure. And sir with this customer diversification, how should we think about your top customer share going down, say, in the next one or two years?

Sukrit Bharati: We hope we'll be able to have a good hedge, but that also depends on how quickly we scale and how much the market scales. But we are hoping that we can maintain a healthy share with Voltas also, because they've always been our anchor customers, and we want to continue being one of their largest suppliers. But giving an exact mix is difficult. But let's see how things pan out.

Dhruv Jain: Sure. And sir, just on washing machine, my final question. While you're starting this year, how should we think about the scalability of that vertical? I mean, how are you thinking about it in the next, say, one or two years?

Sukrit Bharati: So as of now, in washing machine, our installed capacity is only for one mould, basis which, what we are planning. We have to further, once the first model picks up and does well, we will look at adding more capacity. Currently, if you ask us, it is more of an offset for us in terms of seasonality, because it is a cross as far as seasonality is compared against refrigeration and also air conditioning.

So hence, it is a good product segment to be part of. But this year, we will first evaluate how the product does in the market. And if it does well, then we will plan ramp up in FY28.

Dhruv Jain: Okay. Got it, sir. Thank you so much and all the best.

Sukrit Bharati: Thank you. Thank you so much. Thank you.

Moderator: Thank you. We'll take the next question from Anik Mitra. Anik, you can go ahead.

Anik Mitra: Good morning, sir. Am I audible?

Sukrit Bharati: Good morning.

Anik Mitra: Yeah. Sir, in one of earlier concall of Voltas, I have heard that they are trying to build up their own capacities, means it's related to backward incubation. So on that aspect, I wanted to understand your point of view.

Sukrit Bharati: Sorry, which customer did you mention?

Anik Mitra: Voltas.

- Sukrit Bharati:** Voltas. So Voltas has already created their capacity from -- I mean, of course, everybody knows, from two plants in Chennai and Pantnagar. I am not aware of their expansion plans, if there are any further expansion plans. So...
- Anik Mitra:** Means can it reduce the orders from Voltas going forward? What is your assessment?
- Sukrit Bharati:** So I mean, I cannot answer a long term question as of now, but we don't see -- I mean, we see a healthy demand coming from them now also. And basis on whatever I understand, they want to have a decent portion of their purchase coming from other manufacturers. So to that extent, I think demand should be good.
- Anik Mitra:** Got it. Sir, you said 28 million of compressors having potential of INR400 crore of revenue, correct?
- Sukrit Bharati:** 2.8 million.
- Anik Mitra:** Sorry.
- Sukrit Bharati:** 28 lakhs.
- Anik Mitra:** Correct. 2.8 million compressors having potential to generate INR400 crore of revenue. And after A3, you were saying for 60% plus capacity utilization, it comes around INR240 crore plus revenue from the compressor.
- Sukrit Bharati:** Correct. Yes.
- Anik Mitra:** And sir, I just want to understand regarding your capacity in cross-flow fans, what is your current capacity and what is your plan going forward?
- Sukrit Bharati:** So cross-flow fan capacity, we are increasing to match with effectively our capital requirement. We are not selling cross-flow fan as a standalone product. So we are only matching the capacity with our IDO capacity as of now.
- Anik Mitra:** And sir, currently, who is the second largest customer, if you can name them?
- Sukrit Bharati:** Sorry, we would -- we avoid sharing names of customers.
- Anik Mitra:** Okay. Thank you. Thank you. I will come back in the queue.

Moderator: Thank you. We will take the next question from Nitya Shah. Nitya, you can go ahead.

Nitya Shah: Yeah. Hi, sir. So just wanted an understanding on the current debt, considering there is lots of capacity expansions, next year, how do you see the debt levels coming up? And if you think we would need further fundraising for the same?

Sukrit Bharati: So we are, of course, evaluating fund requirement and we will raise wherever there is necessary. But we are still evaluating based on what segments and how they are panning out, including compressors and air conditioners. Air conditioners, of course, the capacity ramp up is already planned and I think we will achieve the required capacity.

As far as debt is concerned, debt from the current level of this financial year, debt might go up slightly, but I don't see major debt getting added to the books because of capacity expansion, unless we have to do a major expansion in compressor. But we take it step by step. So both on the equity raise, we will decide once we have some commitments and decisions based on how the government takes a stand.

So we will effectively try and balance debt and equity at a similar ratio. And so currently, our debt and equity, debt is less than one as far as debt equity is concerned. And we want to maintain a similar ratio as we go forward.

Nitya Shah: Okay, understood. And sir, quarter-on-quarter, are you seeing an improvement in overall demand across products? What has been the outlook, if you could share some colour on that?

Sukrit Bharati: Yes, quarter-on-quarter, of course, numbers are also depicting it. So the demand has gone up. And fourth quarter and Q1 next year, I see, I mean, I see the demand to continue. And depending on the season, we know what happens in Q2 and Q3 or how strong is the demand in Q2 and Q3.

Nitya Shah: Got it, sir. Thank you so much and all the best.

Sukrit Bharati: Thank you. Thank you so much.

Moderator: Thank you. We'll take the next question from Disha. Disha, you can go ahead.

Disha: Hello.

- Sukrit Bharati:** Hello.
- Disha:** Am I audible, sir?
- Sukrit Bharati:** Yes, please.
- Disha:** Yes, thank you so much for this opportunity. Sir, just two questions. So, you mentioned the AC sales will go down to 60%, 65% next year, right? And the remaining 30% to 35% will come from other components. So in the medium term, what would be the comfortable level of this? Like, how much would we reduce this AC sales? What would be the comfortable range to share that?
- Sukrit Bharati:** I think overall, we are happy with AC being 60% to 70%. We don't anticipate AC to be any lower than that, point number one, because AC being a larger category as far as growth is concerned, we are happy with a 60% to 70% share. And within that 60%, 70% share also, based on the OEM-ODM model and the product mix, it also diversifies well.
- So the overall idea of dependence on maybe very few customers or very few product segments, that over long term, we wanted to mitigate and those were the steps that we took in the last couple of years. Happy that most of these steps are panning out in the right direction and whatever little capacity expansion and product addition that we have to do, we plan to do in the next year, year and a half.
- Disha:** Okay. So this mix we expect to sustain over the years?
- Sukrit Bharati:** Correct. Correct, yes.
- Disha:** Okay. And just on the CapEx number, I think this year we were targeting INR100 cr.-odd. So, how much have we done till now? And what's the sort of CapEx that you envisage for FY27?
- Sukrit Bharati:** So we have, I think, done almost close to INR120 crores so far. And we are looking at a INR130 crores to INR150 number by March end in CapEx.
- Disha:** Okay. And for FY27?
- Sukrit Bharati:** FY27, we are still studying the situation. So, it is still a little dynamic. But by April, I think we'll give you a more accurate number.

- Disha:** Okay. All right. Okay. That's it from my side. Thank you.
- Sukrit Bharati:** Thank you.
- Moderator:** Thank you. We'll take the next question from Harsh. Harsh, you can go ahead.
- Harsh:** Yeah. Hi. Thanks. I hope I'm audible?
- Sukrit Bharati:** Yes, please.
- Harsh:** Yeah. Sir, my question was more on the RAC segment. You mentioned that the primary demand has been better in December and has continued in Jan. I just wanted to understand further in the sense that how much of it is on account of that BEE rating changes. There could be some ramp up happening over there in terms of new production happening for the OEMs and the brands.
- So just wanted to get a clarity on how much of that demand is sustainable and how much of it is majorly because of this change?
- Sukrit Bharati:** No. So, demand is sustainable. I don't think -- so every year, from how much ever we understand the market demand, I mean, the channel starts picking up inventory in December. And then this demand keeps continuous till February, March. And then based on the season, how fast liquidation happens, the demand, the tail of the demand continues in Q1 or end of Q1 or first month of Q1.
- So that is the typical trend. This year also there was no change. Of course, I believe most of the sales that happened in December were for the old table -- material because there people have some price advantage in terms of -- and probably brands have also priced more aggressively for the older table models. And hence, the demand was there. But January also saw good numbers with both old table and new table. So I don't see the reason for this to change significantly in February or March or April.
- Harsh:** Right. So you're saying that this could sustain given that with a caveat that the secondary demand should sustain from here on?
- Sukrit Bharati:** Correct. And from manufacturing standpoint, the primary demand is what drives sales and stocking drive sales for Q4. How deep Q1 goes or H1 goes, depends on how the market behaves. So even if the market was like it was muted, we did not see the impact coming till Q1. So this

year hoping it will be a more aggressive market. So demand might sustain to the end of Q1 or maybe mid of Q2 also.

Harsh: Understood. Fair enough. Yeah. That's the only question I have. Thanks a lot.

Sukrit Bharati: Thank you.

Moderator: Thank you. We'll take the next question from Jitendra Pradhan. Jitendra, you can go ahead.

Jitendra Pradhan: Hi, sir. Thanks for the opportunity. So my question is on the RAC like your comments. So in Q4, we are confident of doing INR200 cr. plus of revenue from RAC to meet our guidance of say INR800 crores to INR850 crores.

Sukrit Bharati: We are.

Jitendra Pradhan: Yeah. And sir, like the point on the secondary primary sales is understood. But sir, I mean Voltas has mentioned that there are like five to six weeks of inventory in the channel. So the next how the summer goes, how the secondary sales happens, that will dictate the overall like kind of production volumes and all. So sir, so you have visibility till like Q1. But sir, what are your read on the situation like given there are like some kind of price increases happening, BEE norms and all like, do you think that could dent the overall demand in the secondary sales momentum this year?

Sukrit Bharati: I don't believe it should have a significant impact because I mean, I don't see that as a challenge. I think with BEE rating increase, the customer is ultimately benefiting in terms of power saving. So that is a plus that gets passed on to the customer. Also, the pricing impact in terms of the bom cost is more on the five-star models and not so much on the three-star models. So of course, definitely some price increase in terms of the metal price increases will get passed on to the customers. But we have also seen GST reduction coming in. So net-net, I don't think there will be a major impact because of that.

Jitendra Pradhan: Understood sir, understood. And sir, like we don't have any margin pressure, right? Because of all this RM inflation that is happening and all like that scenario, that environment is better inflationary. So we are not facing anything like from OEM side, we are not facing any kind of pressure like to reduce our margins and all.

- Sukrit Bharati:** So and pressure, of course, is there all the time. There is no scarcity of pressure. But like I said, with most customers, because we are a quarterly pass-through pricing, or we are on a fixed, based on market-driven pricing in terms of sheet metal. So it may have a short-term impact, but long-term we are hoping that it will average out. So no long-term impact, yes.
- Jitendra Pradhan:** Got it, sir, got it. So, finally sir, what has been your read-through for our company on the budget announcements, like especially on the white goods part, on the PLI and the CMS? I mean, what are your thoughts, curious to know your thoughts on the budget announcement because they seem to be pushing a lot in terms of manufacturing and going up in the value chain. So what are your thoughts and what are the implications for our company?
- Sukrit Bharati:** So one, overall, the general direction continued to be in favour of manufacturing, which was the primary hope. Of course, there was not too many announcements specific to our specific company. So no negatives, no positives. I think it was just a reaffirmation on the direction and strategy. So we are happy with that. Apart from that, the push in electronics, which is ECMS and other aspects, we plan to capitalize on how much ever, to whatever extent we can, because we are also expanding on EMS and we are doing all of that.
- So we see how much we can derive value. But the core business is today, there was no change in strategy, which is a positive sign.
- Jitendra Pradhan:** Sir, anything on the PCBs, like, would that be something that you would like to do at some point?
- Sukrit Bharati:** So, PCB manufacturing, maybe for captive in the future, yes. But we are not looking at any major inroads in PCB manufacturing now.
- Jitendra Pradhan:** Got it. Okay, sir. Thank you. Best of luck.
- Sukrit Bharati:** Thank you.
- Moderator:** Thank you. We'll take the next question from Akhil Shah. Akhil, you can go ahead.
- Sukrit Bharati:** Yes, please.
- Akhil Shah:** Yeah. So I just wanted to know if there are any updates on the mainboard listings.

- Sukrit Bharati:** So we are in process of that. There is one technicality in terms of the traded volumes that we are discussing with BSE, which is a criteria of BSE, but not with NSE, but the documentation is in process, and we are hoping to file soon. So once we get that clarification from BSE, we will file. But even after filing, we are looking at a three-month tentative timeline for the migration to happen. So once we file, I think we should have a clear date. So we're waiting for feedback from BSE. And if they give a green signal in terms of everything, then we will file immediately.
- Akhil Shah:** So tentatively, how long should it take?
- Sukrit Bharati:** Oh, hopefully, H1, probably.
- Akhil Shah:** Okay. Thank you.
- Moderator:** Thank you. We'll take the follow-up question from Garvit. Garvit, you can go ahead.
- Garvit Goel:** Hello. Just one question on the washing machine side. You mentioned a significant ramp-up you are expecting in FY28. So I just wanted to understand what is the peak revenue that we can achieve with the existing capacity on that side, and what can be the utilization we are expecting in the initial year of FY27, sir?
- Sukrit Bharati:** Peak revenue we can currently achieve is about INR100 crores. And capacity expansion, what I mentioned was '28, we will decide based on how '27 goes, how much capacity we plan to increase or we plan to maintain the same capacity. We have not decided that.
- Once the product goes into mass production, once we have feedback from the customer and market, we will then further take all of capacity expansion in '28.
- Garvit Goel:** And what kind of utilization do we expect in FY27?
- Sukrit Bharati:** We are hopeful between 50% and 70%.
- Garvit Goel:** Understood. Thank you very much.
- Moderator:** We'll take another follow-up from Siddhant. Siddhant, you can go ahead.

- Siddhant K.:** Sir, what are the EBITDA margins for the compressor business?
- Sukrit Bharati:** EBITDA margins with China competition being there and without backward integration are about 5%. But just to elaborate on that, the asset turns on the current business are very good. So we are looking at a 5-plus asset turn as far as the last mile manufacturing that we are currently doing. So it is a good asset turn, low EBITDA business. The EBITDA goes up as we improve backward integration. So that will depend on more investment. So, the asset turns come down, as we backward integrate, but EBITDA margins improve.
- Siddhant K.:** So, the overall 9% to 10% of EBITDA margin, which we are hoping in the next financial year, is it based on 5% compressor margins or more than that?
- Sukrit Bharati:** It is based on 5%.
- Siddhant K.:** Okay. Sir, earlier we used to highlight 6 crore units in the LED EMS space. Right now, I can see the present, it's 4 lakh CPH. So, what is the conversion basically?
- Sukrit Bharati:** So actually LED product, we have a large variety of products. So it is difficult to define your product-wise capacity. It becomes more chaotic. So we are defining capacity on the EMS business and along with lighting because in EMS, we are also doing other boards and products. So it is easier to define the machine capability capacity in EMS rather than the product capacity.
- Siddhant K.:** Okay. So then what kind of realization can we assume on per unit CPH levels?
- Sukrit Bharati:** So per unit CPH is very difficult to again define because it depends on what is the value, but the current EMS setup, we are capable of doing about INR150 crores, INR180 crore top line.
- Siddhant K.:** On 4 lakh units?
- Sukrit Bharati:** 4 lakh CPH, yes, with our product mix.
- Siddhant K.:** Right, sir. And sir, what exactly is the holdup in the migration to the main board? Because the earlier rule specified that we need to spend 3 years in the SME.

- Sukrit Bharati:** So 3 years is complete. We have submitted everything saying we are asking them for a formal go ahead before we file documents and we are waiting for that approval -- waiting for that clarification from BSE.
- Siddhant K.:** Okay. And sir, last question, sir what kind of channel inventory levels were there in Jan?
- Sukrit Bharati:** I do not have accurate numbers. Sorry.
- Siddhant K.:** Okay. Thank you, sir. And all the best.
- Sukrit Bharati:** Thank you. Thank you.
- Moderator:** Thank you. We will take follow-up. Okay. There are no follow-up questions. Since there are no further questions. Sir, would you like to give any closing comments?
- Sukrit Bharati:** Right. Thank you so much, all of you for taking the time and we look forward to connecting with you in the next quarter. Thank you.
- Moderator:** Thank you. This brings us to the end of Q3, and 9M FY26 call. You may disconnect.
- Sukrit Bharati:** Thank you.