



November 20, 2025

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 Q2 & H1 for FY 2026 Post Earnings Conference Call held on November 18, 2025.

Dear Sir/Madam,

With respect to above captioned subject, please find attached herewith transcript of the Conference Call for Analyst and Investors held for Q2 & H1 for FY 2026 on November 18, 2025 at 05.00 P.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

Q2 & H1 FY26

POST EARNINGS CONFERENCE CALL

November 18, 2025

Management Team

Mr. Sukrit Bharati - Managing Director
Mr. 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 Q2 and H1 FY 2026 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 risks and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to briefly run us through the investor presentation, giving us the business and performance highlights for the period ended September 2025, the growth plan and vision for the coming year, post which we will open the floor for Q&A.

Over to the management team.

Sajid Shaikh:

So good evening, everyone. Thank you for joining this call. I think the numbers we have already declared. I'm just running through the same. So this is a comparison that is put on your screen, which compares H1 FY 2025 and H1 FY 2026 as a comparison. So at a top line level, the half year of 2026 has been pretty similar or flattish in comparison to last year. We did about ₹305 crores of net sales last year. This year, it has been ₹298 crores. However, the good thing over here is that at an EBITDA level, the company has performed better.

Even despite the fact that there is a slight dip on the overall number, the company has done about 13.5% more EBITDA. So versus ₹28.1 crores of last year, we have done about ₹318.9 crores EBITDA margin. It stands at about 13.6% in terms of percentages, which is up by 163 bps. The primary reason for this has been a larger contribution from non-AC products. So as we move forward during the Q&A, probably we'll answer this in a little more detail.

The PBT is slightly lower than expected. The PBT has come to about ₹7.8 crores, which is about 30% lower than last year. PAT level although seems much more lower, it is at 1.1% versus 2.4% that we did last year. But a large part of that can be attributed to the fact that there has been a huge component of deferred tax liability, which has come on the table here, which has brought down the overall PAT

levels. So that's primarily broadly the financial numbers for H1. Can you move forward, please?

So this tells basically how we have grown over the years from 2021 to 2025. The CAGR in top line has been 43%. When we consider the PBT, the CAGR has been at 56% in absolute value wise. EBITDA has grown by about 37% and PAT has grown by about 48% year-on-year over the last five years. Next slide, please.

These are the annual statements. I think we can skip this for now. Way forward, Sukritji, would you like to take this?

Sukrit Bharati:

Yeah. So good evening, everybody. And once again, thank you for being part of the call. So last quarter, of course, in terms of AC sales has been a little slow. Even though the demands are strong, we expect we have a strong order book also looking forward. I mean, two, three reasons, one, of course, season being bad, inventory was high and second, there's a change in B rating. So newer specs were not released on time, which are being released now. So all the factors combined, I think Q2 was slower than expected for us.

Anyhow, the way forward is as follows. We see a strong order book for the next six months or next eight months for the upcoming season, which is a good sign for us. So we intend to sweat the assets, all assets that were created over the last 12 months, whether it is in Nashik, whether it is in Chennai or Sanand, we want to start doing that, point number one.

Point number two is our backward integration continues to grow and become stronger. Even though sales were muted, we have continued to expand our capacities, and we are continuing investments because we believe this is only a temporary phase of three, four months. And we will be back in full sale action by end of this month.

So things on that side are good. So we have started our own new tool room for manufacturing tools and moulds. We are also further expanding our EMS capacity, which I'll further talk about ahead in the presentation. And that is what we are doing. As far as diversification of customer base and product segment was concerned, two years ago, we started the journey of diversifying from AC being our primary revenue driver. So now we are happy to share that we are diversifying not just within product segments, but also within customers for AC because now we have more capacity.

Like we discussed during the last call, our capacity ramp up is ongoing for 1 million pieces per annum, which is 10 lakh pieces. And next year, we want to further increase this to about 18 lakh pieces of CBUs of air conditioners, so which will be a major leap for us as far as capacity expansion is concerned.

We are also happy to share that we have launched our ODM range of air conditioners in the market. And we are starting to work with additional customers because we have additional capacity, including our current customer in the AC segment. So we hope that we'll move up the value chain by not just diversifying products, but also diversifying customers within the same products.

High potential categories. So we believe both compressor and commercial refrigeration are also high potential categories that will give us immediate growth. And commercial refrigeration has been picking up well. We have a steady stream of orders and a strong order book there as well for the next year. We also have an excellent set of customers that we are working with in the commercial refrigeration segment. So that is where we are expecting a good 35%, 40% growth, maybe higher because it's a smaller base to come from commercial refrigeration and compressors. We can go to the next slide.

So the capacity expansion that I was talking about. So our current EMS capacity is about 400,000 cph, which is components per hour as far as line capacity is concerned. We plan to double that capacity to 800,000 cph by mid next year. So this will be our first major investment in EMS post, I mean, in the last few years because we have major, most of the investment was going towards air conditioners and commercial refrigeration.

AC, like I mentioned, this year we will complete our capacity of 10 lakhs, and we will start ramping our capacity towards 18 lakh. To this extent, we have recently also tied up with a factory which is available in Chennai, and we have taken that factory for operational lease for a period of five years, where we will start manufacturing of air conditioners from Chennai also in Q4, so which will also add to our geographical presence, and it will give us additional tool designs and tool platforms that are already available in that manufacturing unit. So that manufacturing unit, we will start operating from first week of January, and we plan to start commercial production by end of Q4.

Water dispenser continues to be similar. Deep freezer, we are seeing a strong demand, and we will ramp up the capacity from 150,000 to 400,000 before the end of the next financial year.

Compressor, our current capacity is about 2.8 million. And the order book for next year, we already have a 50% booking of capacity in compressors for next year. And currently, we are maintaining the same capacity. But if things are aggressive and the QCO policy continues where the government does not extend the compressor import restriction, then we will look at expanding the capacity within next year itself for compressor manufacturing. So that is where we stand as of today for our capacities.

Growth drivers continue to be strong demand, of course. Overall, the demand has been good, even though, barring the last three, four months. Localisation continues to be a focus area for the government, not just for ACs, but also they are now considering other components like compressors and other parts of refrigeration for the next round of PLI. So I think that is a good sign. We have a strong customer base, and we keep learning from them. And of course, the government is definitely active with all the policies, state policies and central policies.

Right. So now as the company stands today, these are our primary verticals. Air conditioners, of course, continues to be still a dominant vertical as far as revenue is concerned. AC components is structuring well, both for our capital requirements and with what we are supplying to others. Washing machine, we plan to do. We have already done our pilot production lots. We plan to start mass production in a month or two once we complete our field trials.

The refrigeration products. In deep freezers and water dispenser, I think there is a slight mistake in EMS. We need to get that corrected. In EMS, we are doing electronic controllers, and we are also doing LED lighting. In refrigeration, we are doing water dispensers and freezers. We have also started doing some assembly of refrigerators on the higher end refrigerators for a couple of customers, which is an SKD assembly as of now, and it is still a small part, but that is also something that we've started doing over the last two to three months.

Compressor within the subsidiary of VOEPL, VCPL we are happy to share, we've started commercial production and we've started supplies to our customers from that segment vertical. I think it was a very quick turnaround and start-up of a compressor plant. I think we were

able to, from start to finish, do it in less than eight months, for which I think the credit is due to the team heading compressors.

VPPL has two plants now. One, of course, is in Chennai, which is operational and is generating revenue. That plant also has a good order book for the next six to eight months. The plant in Sanand that we set up is in the trial phase now and will start commercial production maybe in mid or end of December.

Some photos of our manufacturing units. So the compressor line and refrigeration, of course, is what has increased in the last year. These are the finished product verticals that I mentioned, semi-automatic being the new one and the latest one on the block and compressors, of course, we have started commercial production.

Components, like I mentioned, we are doing all of these components in-house, and we continue to strengthen on controller boards with the expansion in EMS.

These are, of course, some benefits, I think we have as a company. One is backward integration in manufacturing. We are clear and focused about staying core to manufacturing. And working with larger brands and the leading brands, even multi-nationals is teaching us a lot, and we continue to learn. Location wise, I believe we are well placed and centrally located which also helps. LI during the last, I think six months, we increased our sanction from ₹50 crores to ₹100 crores. So that sanction also we've gotten.

Right. Thank you. So that was a quick presentation about what has happened in the last few months. I think we can open the floor for questions. Thank you so much.

Question-and-Answer Session

Moderator: All those who wish to ask a question may use the option of raise hand.

Moderator: We'll take the first question from Akash Jain. Akash, you can unmute and go ahead.

Akash Jain: Yeah, thank you, Sukrit and Sajid. A couple of questions. One is on the AC part. This capacity expansion from 10 lakh to 18 lakh units seems to be a new development because in the last con call, I think we had not discussed expansion of AC more. And it's a little surprising because in the current environment, it's a little bit surprising. And by

current environment, I'm not saying AC demand being weak. I think the current environment in terms of most of the OEMs have increased their own capacity for in-house manufacturing, right? We have seen that happening to Voltas as well with the big increase in capacity in Chennai.

And so in such an environment where we are seeing a lot of these OEM guys getting PLI benefits and doing their own in-house manufacturing, from a comfort point of view, what gives you comfort that we will be able to increase capacity significantly and utilise it? I think that's one part on the AC side.

The second question is on compressor. I think you mentioned that, are you seeing a slight bit of risk in terms of the government again, simplifying the compressor imports and this whole trend of BIS on compressors and then pushing manufacturing in-house in India, do you see that getting postponed a little bit? What is the feedback on the compressor side and the policy decisions on compressor side?

Sukrit Bharati:

Right. So thank you for the questions. So first question, as far as capacity expansion is concerned, two things. Since that now we are talking to more customers as far as AC is concerned, we see a stronger demand in the market, point number one. Point number two, for the next couple of years, I think the peaks are going to be very strong.

And to cater to the peaks, you will need some buffer capacity. And if we don't have the buffer capacity, we don't want to be in a situation where we are not able to cater to our commitments to our customers during the peak season. So capacity expansion has two reasons. One is, of course, catering to peak requirements, which come in the next couple of years. That is one because customer satisfaction is very critical in those times.

The second reason is that we believe even though some brands, like you mentioned, are taking manufacturing in-house, there are a lot of Tier 2, Tier 3 brands who are also growing aggressively. There are a lot of brands who have also decided to not increase their in-house capacity beyond what they have today. So in case the season, I mean, in case we see a growth of 10%, 15% in the market, we will suddenly run short of capacity is our anticipation. So even though we may not utilise more than 50% or 60% of our capacity in the next financial year once we achieve that 18 lakh number. But in FY 2028, we believe almost 70-odd percent utilisation is possible for the expanded capacity. That was point one.

Point two was as far as QCO is concerned, in our compressor plan, we expect that the government may give a few months or maybe a year's extension partially or completely for compressor imports. But looking at all the investments that have been committed in India now, both for rotary and reciprocating compressors, I believe that the government will not unilaterally take back these QCOs. The current QCOs that have been reversed are more on the core metals. So I don't see it propagating across all products. But of course, this is a policy decision, so we cannot comment.

As far as our capacity is concerned, we have already booked half of our capacity. And even if the QCO restrictions get extended with the capacity that we have, we are confident that we will continue to book it because customers get better service in terms of delivery. They don't have to wait for three months for delivery of material. After they give forecast, they can pick up material based on their comfort and availability. That is point number one.

Point number two, in case of any service challenge support required, they have local support available. So import, as long as we match import prices, I don't see a challenge with capacity utilisation. That being said, if QCO, our margins, of course, will be lower by 2%, 3% if the QCO does not get extended, but I don't see a major hurdle in capacity utilisation.

Akash Jain: Just one quick follow-up on this. So the AC plant, the new AC extension that you're doing in Chennai, will it be catering to only Voltas because obviously, Voltas is a big plant in Chennai now? Or is it going to be catering to...

Sukrit Bharati: Other customers. So we have already started tying up with additional customers who we will begin supplying in the next month.

Akash Jain: Okay, yeah, thank you, Sukrit.

Sukrit Bharati: Thank you.

Moderator: Thank you. We'll take next question from Achuth. Please go ahead.

Achuth: Yeah. I have only one question regarding RAC, most of the big companies, they are saying there is slowdown in RAC. So if you have contacted them in the recent time, you need to sell RAC products to the partners, right? Have you had any conversation in recent times,

like how is the demand going on? Is the inventory cleared up? What is the status of RACs, I want to understand?

Sukrit Bharati:

So our general feeler from the market is that overall situation is improving as far as inventory is concerned. Second, I mean the overall industry is maybe similar or 5% plus/minus as against last year. So there is no major degrowth, but because of the policy shift as far as the table change is concerned. And second, because people planned for a much bigger season, there was a temporary buildup of capacity. I see all of that regularising by December, January because everybody started planning for the upcoming season, and we already have a good order book. So I don't see that being a challenge.

Achuth:

Okay. Thank you so much.

Moderator:

Thank you. I request all participants to limit their question. We will take next question from Siddhant. Siddhant, you can go ahead.

Siddhant:

My first question is on the washing machine side. What capacity are we looking for the washing machine? And what will be the realisation? My second question is on the compressor. What kind of revenue should we consider in FY 2026 and FY 2027? Because if we are targeting 50% of our order coming from compressor, that is close to ₹200 crores. Is that number right? And my third question is regarding the inventory. So what kind of inventory is in the channel? And can you also give the breakup of the ₹300 crores in H1?

Sukrit Bharati:

So washing machine, we are looking at a capacity of about 200,000 to 250,000 pieces per annum, with a utilisation of about 50% to 70% in the next calendar year. Realisation value, one washing machine sells for about ₹6,000. So anywhere between, I mean, ₹60 crores to ₹100 crores is what we're looking at from washing machine in the calendar year. That was question number one. Washing machine, we are doing 8 to 9 kilos category as of now to start with as far as the product is concerned, semi-automatic twin tub.

Second question with regards to compressor, yes, with a 50% capacity utilisation, we are looking at a revenue number of about ₹200 crores coming from compressors in the next calendar year.

Third question, as far as inventory in the channel is concerned, we may not have the most accurate figures, but inventory is still slightly high, but I think people have already started building up inventory for the upcoming season. So I would not say that inventory should now be

a cause of big concern. I think people have started preparing for the season. And up till March, unless the next season is delayed or slowed or something of that sort, we still will continue to get strong requirements from the market. Thank you.

Siddhant: Right. The last question, what will be the H1 breakup in terms of segment?

Sukrit Bharati: H1 breakup, 50% of our revenue roughly came from air conditioners. 15% to 18% came from commercial refrigeration, about 20% came from EMS and the remaining came from components.

Siddhant: Okay. And year-on-year, what was the degrowth in AC?

Sukrit Bharati: Year-on-year degrowth in AC would be about, H1, about 30%, 35%.

Sajid Shaikh: 75% last year, it has gone down to 52%.

Sukrit Bharati: Correct, yes.

Siddhant: Thank you. I will get back in the queue.

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

Arun: Thank you for the opportunity. I wanted to ask last year, the AC numbers, we have gone down by 30%, 35% approximately. So what makes us believe that next year will not be similar? I mean, how are we optimistic on this? And based on the ₹7 crore investment which we made in Chennai, what is the revenue and profit potential in that? So that is my first question. Could you...

Sukrit Bharati: So a couple of things. One, this year, like I said, the anticipation of a bumper season increased the inventory, which I think the industry has sort of learned from. So I don't think the same exact mistake will happen or not a mistake, but the exact mismatch will happen next year, point number one. Point number two, apart from the industry, the table change is expected. So that was second reason of the slowdown, which is not going to happen next year.

The third thing is earlier, we were only an OEM where we were dependent on one large customer, one primary customer for most of our AC business, which is changing this year, where we have become an ODM and we have our own line-up of product lines, and we are

looking at multiple customers. So all the three factors combined gives us confidence that we will have plus the order book that we already have for the next six months is much stronger. So that gives us confidence that next year will be significantly better. Thank you.

Arun: Yeah, thank you. And the ₹7 crore this thing, investment in Chennai, what could be...

Sukrit Bharati: Correct. So Chennai, the investment, the operational lease that we are taking is to ensure that we have additional capacity in Chennai. It will add about 2.5 million capacity for air conditioners. So we can realise roughly about ₹400 crores from that facility.

Arun: So this is per year?

Sukrit Bharati: Per year, yes.

Arun: Okay. Great. Thanks a lot. One last question. For the other products, I mean, which we are entering like compressors, etc. Do we already have customers, I mean available with us? Or are we pitching it? Like, for example, Voltas was our existing for AC. So I mean, is that the same customer or we are expanding to multiple?

Sukrit Bharati: No. Fortunately, now we have customer tie-ups for all products that we are doing.

Arun: Okay. Great. Any names like which could be...

Sukrit Bharati: We will refrain from names, but we have good multinational customers in all segments.

Arun: Sure, thanks a lot.

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

Garvit: Hi, thanks for the opportunity. Coming back on QCO part only, just to understand more, you mentioned current QCOs are taken back on core metals. So what does that mean? And how we are not going to be affected because of this?

Because you mentioned 50% is already booked. So just trying to understand earlier we used to speak about we will get the orders because the Chinese compressors are getting banned or maybe not

able to match the quality and that is why they will not be, they will mandatorily be forced to get out of the country, right? So now how you are picturing our capacity to be utilised going ahead with these QCOs are taken back?

Sukrit Bharati:

So a couple of things. One is the compressor market as it stands today has two directions for us. One direction is just the assembly part, which we are doing now, which is the final leg of manufacturing that we are doing for compressors. For doing this, the advantage that we can give to the customer or we are giving to the customer is better delivery time lines, more just-in-time sort of delivery, point number one. Point number two is local support.

So as long as we, with our partners in compressors are able to match landed prices of customers when they import vis-a-vis China, we don't see a problem for them to buy locally. They have certain advantages. They get better payment terms and they get delivery when they need. So to that extent, capacity booking, like I mentioned earlier, I don't see it being a challenge.

That being said, if the government enforces QCO, we expect a vacuum in the market, which will help us probably get better rates in the market and will also help us in backward integrating in the compressor value chain. So as far as capacity growth is concerned, compressor capacity will grow on two factors: one is the assembly capacity that we have for the final leg of manufacturing to grow that; and second is to backward integrate the component ecosystem for compressors. So if the QCO is implemented, we will backward integrate very quickly. If the QCO continues to get extended, we will first establish the last mile manufacturing capability. We will ensure that we have a robust supply chain with our customers. And if the customers are satisfied, then we will grow the business, and we will invest more in it.

So the compressor QCO, which was extended by one year last year the extension is due to lapse in March 2026. Post March, we are anticipating some extensions to come, whether it is for a few months, whether it is for partial quantities, whether it is for certain models, we are not clear. But once we have clarity on that, we will devise our further expansion plan. But current capacities, we don't see a problem for the next 12 months at least.

- Garvit:** Got it. And what kind of margins do we expect there? Like we mentioned 50%, we will be getting the revenue, right or ₹200 crores. So what kind of EBITDA margin we'll be doing on that?
- Sukrit Bharati:** So EBITDA margins, we are expecting anywhere between 5% and 8% as of now, depending on which model and product mix.
- Garvit:** Got it. And secondly, about the guidance. So are we going to revise our guidance for this year and next year as compared to the earlier numbers? So if yes, what are those numbers?
- Sukrit Bharati:** The guidance remains similar. We are expecting about ₹800 crores to ₹900 crores top line this year.
- Garvit:** And about next year?
- Sukrit Bharati:** Next year, we will share in due course.
- Garvit:** Perfect.
- Sukrit Bharati:** Thank you.
- Garvit:** Thank you.
- Moderator:** Thank you. We'll take the next question from Akhil. Akhil, you can unmute yourself.
- Akhil:** Yeah. Hi, Sukrit. So actually, my question got answered. I had the question on the same lines. So as we see this compressor unit getting, so the production of compressor will get onboarded and this operational lease getting into play, so a lot of units will get onboarded. So I wanted to ask on the same lines, like what will be the guidance, as you told, because in the last call, if you remember, we gave a guidance for ₹950 crores to ₹1,000 crores top line, right? So what is...
- Sukrit Bharati:** Actually, after Q1, we had said ₹900 crores plus/minus ₹100 crores. But yes, so I mean, looking at the loss of growth in the first, I mean, in H1, I think ₹800 crores to ₹900 crores would be a more accurate number.
- Akhil:** Okay. Yeah. And the margins, we are looking at 7% to 8% margin?
- Sukrit Bharati:** EBITDA, we are looking at about 9-ish.

Akhil: 9-ish. Okay, fine. And do we have a guidance for next year also, like anything for next year?

Sukrit Bharati: Not yet.

Akhil: Okay. Thanks, Sukrit.

Sukrit Bharati: Thank you so much.

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

Kunal Tokas: Just wanted your guidance on the PAT margin for this year.

Sukrit Bharati: PAT margin, anywhere between 2% and 3%.

Kunal Tokas: For the full year despite making a suboptimal margin in the first half?

Sukrit Bharati: For the full year, yes.

Kunal Tokas: Okay. And can you also give a breakup of CapEx in value terms by segment for FY 2026 and FY 2027?

Sukrit Bharati: I don't have the exact numbers. But to give you a rough idea, 2026, we are looking at a CapEx of about ₹100 crores overall, ₹100 crores to maybe ₹110 crores, which is spread across AC and compressor and primarily AC compressor and EMS. So 40% AC, 40% compressor and about 20% on EMS as far as this year is concerned. Next year, we are still finalising our CapEx numbers. Primarily, we are still contemplating the exact CapEx amount for the compressor vertical. But barring the compressor vertical, I think we are looking at a CapEx of about ₹50 crores going in air conditioners and another ₹50 crores going in refrigeration is what we are looking at overall next year apart from compressors.

Kunal Tokas: And just a clarification in how much would the CapEx be for half one, first half?

Sukrit Bharati: About ₹70 crores.

Kunal Tokas: Okay. That you have already spent in the first half?

Sukrit Bharati: We have already spent, yes.

Kunal Tokas: Okay. Thank you very much and have a good day.

Sukrit Bharati: Thank you.

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

Achal: Yeah. Good evening. Thank you for the opportunity. I wanted to just check your perspective in terms of for the season CY '25 season, right, what would be the industry volume? And how much is insource versus outsource in your opinion? And how has that changed over last year? If you could give some sense on that? And then I'll ask a follow-up.

Sukrit Bharati: So I've been may not be the best person to answer this. But I think last year, the number was about ₹1.5 Cr totally. This year also the number expected is between ₹1.5 Cr and ₹1.6 Cr as the overall segment is concerned. As far as insourcing and outsourcing is concerned, my estimates would be about ₹0.8 Cr would be insourced and the remaining is outsourced is our estimation.

Achal: And has that changed according to you or not really compared to last year...

Sukrit Bharati: I think some capacities are definitely coming online, but effectively, capacities coming online will not be much, much higher. So anywhere between ₹0.8 Cr to ₹0.9 Cr, I would say, is insourced and the remaining is outsourced.

Achal: Are you talking about CY 2026 season? Or you're talking about CY 2025 versus 2024?

Sukrit Bharati: 2025 versus 2026.

Achal: Okay. So instead of ₹0.8 Cr, it could be ₹0.8 Cr to ₹0.9 Cr for next year is what brands would make in-house. Have I understood right?

Sukrit Bharati: It is my assumption, yes.

Achal: Okay. Number two, I wanted to just check in terms of the cost as we are in the process of finalising the contracts, etc., what is the extent of cost inflation? And if you could break it up in terms of metal cost and non-metal cost.

- Sukrit Bharati:** So major cost inflation has happened because of increase in copper prices. Copper prices from an average of \$8,000, \$8,500 per tonne has gone up to now almost \$11,000 per ton. Effectively, the impact of \$1,000 per ton has an impact of ₹500 on our BOM effectively for a typical air conditioner. So an increase of \$3,000 has an impact of almost ₹1,500. There has been some positive impact also, whereas sheet metal or whatever steel has or mild steel or steel has not increased or they've reduced partially. Some polymers have also reduced. So the net impact, I believe is about \$1,000 to \$1,300 on a typical air conditioner.
- Achal:** So what happens in this case in terms of the pricing, is the entire \$1,000, \$1,300 is getting passed on, the customer is picking up the bill or we have to share some part of the pain?
- Sukrit Bharati:** So I mean, it varies from customer-to-customer, of course. Customers where we have a quarterly pass-through pricing, there it gets passed on because it gets averaged out in their overall purchase. Where we are finalising orders for six months or nine months or full season, there, of course, we have to bear at least part of it, if not the entire amount.
- But normally, where we bear the risk, we try to have better margins or better I mean, slightly better conversions to hedge that risk also.
- Achal:** Right. Just a clarification, sorry, if I'm going deeper into it. So the average realisation for RAC for a full unit for us would be somewhere around ₹17,000 to ₹18,000?
- Sukrit Bharati:** Yes, correct.
- Achal:** And we make about 9% on that in terms of the EBITDA level margin?
- Sukrit Bharati:** Correct.
- Achal:** So that gives ₹1,600 per unit kind of margin.
- Sukrit Bharati:** Correct.
- Achal:** And if we have to bear even ₹500 or 50% or 40% of this inflation, our margin can take a 25% knock. So when you are looking for the margin estimation for FY 2026, what have we budgeted? Have we budgeted a flat margin versus Y-o-Y or we have budgeted already some correction in the margin given the cost inflation?

Sukrit Bharati: So AC, we have budgeted some correction in the margin for the coming year. But fortunately, the other products are adding, they have a slightly better EBITDA, so which is overall, I think we will continue to maintain 9% EBITDA. AC may drop by a little bit, but the average will still be 9%. And this is a temporary drop again because there was a huge volatility in copper. Once it corrects and if copper goes down, let's say, then maybe you make it up also.

If you see a blended average across the year, it does not have as strong an impact as you are calculating on paper today because we also don't buy raw material at only the peak. We also buy it over a period of time. So the average impact normally is not more than, I mean, you asked me absolute delta, so I told you absolute delta. But normally, the impact will not be more than ₹300 to ₹600 or ₹700 averaged across the year.

Achal: Understood. This is super helpful. Thanks for that clarity. I have more questions, but I'll fall back in the queue. Thank you.

Sukrit Bharati: Thank you.

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

Sidharth Jain: Good evening.

Sukrit Bharati: Good evening.

Sidharth Jain: So one thing, what is the peak debt that you'll anticipate to go to in the coming year, because we have another ₹100 crores plus of CapEx planned for next year, excluding the compressor part. And so what is the debt level that we anticipate to see next year?

Sukrit Bharati: So debt, our basic guideline is that we want to be debt to equity, we want to stay below or around one is our guideline as far as debt is concerned. If there is a gap, we will look at raising equity, of course. But our internal guideline is that we want to be around or less than one as far as debt to equity is concerned.

Sidharth Jain: Understood. And right now, our AC composition as a part of our total revenue is around 75%. Where do we see that moving in the next year? And in that also, how much would be from the primary client? And how much do we see that coming from other clients because

we've started discussions and I guess you will start supplying from the coming months as well?

Sukrit Bharati: So next year, we see about 70-odd percent coming or 65% to 70% odd coming from AC again, next financial year. And that is the whole AC vertical. Within that, we will have a split against four, five customers. So the largest customer probably out of the 100% AC pie would be about 50-odd percent.

Sidharth Jain: Understood. Got it. And one just operational thing to Sajid. By when can we expect that we start trading on the main board? Any intimation from the exchanges or what are the communication that is going on with them?

Sajid Shaikh: So we have already started the process. The documentation, etc., is being reviewed. We're just trying to see if everything is there. I mean we are compliant to every -- because there's been a new guideline that has come along in the month of October. So we are also trying to just juxtapose our position with that and see. But I think we are on course. Let's see if everything is okay, we should be able to make the application before the end of this month.

Sidharth Jain: Okay. Application, how long does it generally take after the application?

Sajid Shaikh: That's up to the exchanges, but I think anywhere between two and four months is our expectation.

Sidharth Jain: Okay. Understood. And also like our current capacity in ACs is around 10 lakh units, and we plan to take it up to 18 lakhs, out of which 2.5 lakhs will be from the Chennai plant that we've just taken on lease, correct? So the balance that we have, where do we plan to put it up in Nashik only or some other location?

Sukrit Bharati: In Nashik itself.

Sidharth Jain: Nashik, got it. And one more thing in the compressor side, like if that QCO doesn't get extended, then even our assembly because we might be importing it from China as well because our partner is a Chinese player. So will we be allowed to import the components and assemble and then supply because won't that be restricted in these norms?

- Sukrit Bharati:** No, no. So these norms don't restrict components. And there was some ambiguity around that, but that has also been clarified by the government. So there is no issue on the components.
- Sidharth Jain:** Got it. Thank you. That's it from my side. Thanks.
- Sukrit Bharati:** Thank you.
- Moderator:** We'll take the next question from Nishita. Nishita, you can go ahead. We'll take the next question from Shreyansh Jain. Shreyansh, you can unmute and go ahead.
- Sajid Shaikh:** Everyone could do just one, one question now because we've got a long list and reduce the timing. Thank you.
- Shreyansh Jain:** The first question, we have already commenced our deep freezer facility. How has it ramped up in two quarters? And what could be our capacity utilisation for first half?
- Sukrit Bharati:** First half, of course, is off-season for freezers also in general because the seasonality is similar to what is there in AC. So our capacity utilisation in the first half was only about 35%, 40%. And in the second half, we are looking at a capacity, I mean, we will hit full utilisation at peak in Q4.
- Shreyansh Jain:** Okay. So what is our peak capacity utilisation for deep freezers?
- Sukrit Bharati:** So we can make about 11,000 to 12,000 freezers per month.
- Shreyans Jain:** Okay. Perfect. And on the ODM part, are we in talk with any customers on the ODM? And how much margins improvement do we see in ODM?
- Sukrit Bharati:** This year, I don't see too much. But over time, I expect, I mean, we hope to at least get a 2% to 3% overall improvement in margin with ODM becoming more and more of our portfolio.
- Shreyans Jain:** Okay. Perfect. And one last question, in RAC segment, have we added client or we are only in talks?
- Sukrit Bharati:** We have already added.
- Shreyans Jain:** Okay. Perfect. Thank you so much.

Sukrit Bharati: Thank you.

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

Hitendra Pradhan: Hi, thanks for the opportunity. My question is what was our like revenues against for H1? Because I was a bit surprised with the margin uptick this quarter. So can you give us the breakdown of different categories?

Sukrit Bharati: I think we discussed this, about 50% came from air conditioners in H1. 15% to 20% has come from commercial refrigeration and the remaining has come from components -- sorry, EMS is another 15% and remaining has come from components. Because AC is a lower share, EBITDA margin is higher because most of the other businesses have better EBITDA margins.

Hitendra Pradhan: Right. And previously, just a while back you mentioned that the AC EBITDA margins are around 9% but as per the previous calls, the understanding was that it is 6% to 8% depending on the indoor and outdoor, so 6% to 8% is there?

Sukrit Bharati: So 6% to 8%, you're right. I said overall EBITDA margin this year, we are expecting about 9%.

Hitendra Pradhan: Correct. But the AC EBITDA margins are 6% to 8% depending on the...

Sukrit Bharati: Correct.

Hitendra Pradhan: Thank you.

Moderator: We'll take the next question from Harshal Parekh. Harshil, you can go ahead.

Harshal Parekh: Yeah, thanks for the opportunity. I had a question. Can you elaborate like what are the primary factors which is contributing to the degrowth in the sales? I mean, specifically, what is the biggest headwind you are facing?

Sukrit Bharati: I mean the only headwind is AC sales. I mean there is no other headwind. Other segments are, of course, all growing. We are growing in refrigeration. We are growing in -- I mean, compressor, of course is

new, but we've started sales there. EMS is growing. So the only headwind of course, is in AC sales.

Harshal Parekh: Okay, okay. And can you provide the segment-wise or geographic breakdown of the degrowth? I'm trying to understand where the pressure is the most.

Sukrit Bharati: Pressure how -- I mean, sorry, I don't understand the question properly.

Harshal Parekh: Can you give me a segment-wise detail about the geographic breakdown also of the degrowth?

Sukrit Bharati: We honestly don't get a geographical or we don't have a geographical breakdown of where our customers are selling the product. So we may not be able -- I mean, I don't have an accurate picture of that.

Harshal Parekh: Okay, no worries. Thank you.

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

Pawan: In Arihant conference, you indicated a target of ₹2,000 crores in FY 2027. Is that target still intact?

Sukrit Bharati: We hope so, but we'll confirm maybe Q4 about our guidance for next year.

Pawan: Okay. Do you see any opportunities in HVAC side like heat exchangers? And are you planning in that zone?

Sukrit Bharati: Opportunity means we are, of course, expanding capacities. And we do supply some components, but of course, not a major chunk. If there is any gap, we are happy to serve customers. But that is not really a core area that we are looking at a lot of growth coming from specifically for us.

Pawan: Okay, thank you.

Moderator: Thank you. We'll take the next question from Kwoshi Krishna. You can go ahead.

Kwoshi Krishna: Are we in line with the competition or are we lagging behind in terms of order or margin or anything? Do we have any comment on that?

- Sukrit Bharati:** I hope we are at par, but no comments.
- Kwoshi Krishna:** Okay, you have talked about the debt. Are you planning to deduct the debt reduction -- planning for debt reduction?
- Sukrit Bharati:** Not in the immediate future, no.
- Kwoshi Krishna:** Okay, one last thing. What is your long-term aspiration for the company, for big picture, maybe in five years or 10 years or anything and thank you.
- Sukrit Bharati:** See, I strongly believe in the manufacturing potential of the products or segments we are part of. And I also truly believe that as a country, we need to have strong manufacturing companies which can make things locally and make them well. Of course, export aspirations and all of that, that is definitely there. But India by itself is a massive opportunity. And we want to be part of the journey of Made in India or Make for India or however you slogan it. But we believe in that mission, and I think there is a tremendous potential.
- So if you see the segments also that we are getting into, either there is a vacuum in those segments or there is a massive growth and anticipation in those segments. So we are clear we want to be core to manufacturing. We want to be clear that we expand our manufacturing capabilities, both in terms of volume and in terms of variety, and we want to continue doing that. Thank you.
- Kwoshi Krishna:** Okay, thank you. One last thing. Are you planning to launch any high-margin products in near future?
- Sukrit Bharati:** High margin, yes, we have. Of course, in our product mix, there are products with better margins. But the challenge with the high-margin product is the value is lower. As of now, we have not been able to crack that ideal product where margin is also high, volume is also high and growth is also high. So that is still something that we want to figure out.
- But yes, in our entire product portfolio, there are new product segments which are better in margin that we are creating. There are certain niche variants of commercial refrigeration. There are some higher variants of air conditioners that we are working on. There are certain EMS products which give us better margins or lighting products that give us better margins.

So there are products which gives you a very good margin. But of course, the value or percentage of these products is lower. And hence, it does not stand or show so explicitly in the P&L or balance sheet, but we will continue working towards that. Thank you.

Kwoshi Krishna: Thanks for the timely updates.

Moderator: We'll take the next question from Nitya Shah. Nithya, you can go ahead.

Nitya Shah: Yeah, I just wanted to ask about the customer concentration. You mentioned you've got some new customers in the AC segment. So say, in FY 2027, what percentage of revenue will you get from Voltas versus now what would be the difference?

Sukrit Bharati: Now, of course, it's close to 100%. Next year, we anticipate somewhere between 40% and 60%.

Nitya Shah: Okay. So the size of the orders is very large from the new customers, right? Is my understanding right?

Sukrit Bharati: Yes. I mean a decent size volume, yes.

Nitya Shah: Okay, that is all from my side. All the best.

Sukrit Bharati: Thank you so much.

Moderator: Thank you. We'll take a follow-up question from Siddhant. Siddhant, you can go ahead.

Siddhant: Yeah, you mentioned that FY 2026, we are looking at ₹800 crores to ₹900 crores of revenue top line. Could you provide us with the segmental breakup of this? Is washing machine and compressor contributing this year?

Sukrit Bharati: Compressor, there will be some contribution. I think about ₹30 crores odd will come from compressors out of the entire top line. About ₹150 crores to ₹200 crores will be from EMS. About ₹100 crores, close to ₹100 crores will be from refrigeration and the remaining will be from air conditioners. Washing machine, we are not expecting a large number in this year.

Siddhant: And this ₹100 crores includes the water dispenser as well?

- Sukrit Bharati:** Water dispensers as well, yes.
- Siddhant:** Right, And my last question, you mentioned that in-sourcing, outsourcing is ₹0.8 Cr. What will be the installed capacity on this, both for in-sourcing and outsourcing?
- Sukrit Bharati:** Again, I may not have the most accurate numbers, but I think in-sourcing capacities will be close to 20% or 30% higher in terms of what is getting manufactured. So in-sourcing capacities are more or less, I would say occupied. The outsourcing capacities for the remaining ₹70-odd lakhs, the outsourcing against that, I believe, would be anywhere between ₹0.80 lakhs to ₹1 crores. But again, the actual utilisable capacity and all of that is still a question, but that would be the estimate that I would have.
- Siddharth:** Basically, the industry size will be ₹2 crores between both in-sourcing, outsourcing?
- Sukrit Bharati:** Slightly less than ₹2 crores but yes, close to it.
- Siddharth:** Right. And what will be the peak utilisation for plant because summers are 100%, but overall, for the full year, it will be close to...
- Sukrit Bharati:** So AC, looking at the current extreme trends, which I think will become less extreme in the next two, three years, looking at the overall trends in e-commerce or whether it is even in retail and with the growing purchasing capability of people with the reduction of GST. So we see that -- I mean we are hopeful that the peaks will not be as strong in the next two, three years.
- That being said, during the peak season, we hit full capacity utilisation. Almost everybody, I think across the industry hits peak utilisation. The challenge that we see with the strong peaks is that capacity utilisation crossing 70%, 75% or 65%, 70%, let's say, 70% is difficult because off-seasons go as low as 20%, 30% or 10% for a couple of months.
- And then you see a peak of 100%. But once the seasonality reduces, then this 65%, 70% can become 75%, 80%, which is a very good capacity utilisation for a product like air conditioner definitely.
- Siddhant:** Just a basic question, storing is out of the question for ACs like in the non-peak?

Sukrit Bharati: No, people do store, but you can only store so much. I mean with the market size increasing so much, I mean, you can store a few hundred thousand pieces depending on the strength, financial muscle that you have. But you can't store beyond that. I mean even large corporates have a limitation in how much they want to put in inventory. That is point number one.

Point number two, now with the growing numbers and local available capacity, nobody wants to also stock. It is more convenient to buy when you really need it. So if capacity is available on tap, nobody will want to stock because that directly or indirectly adds to your cost.

Siddharth: Thank you so much and all the best.

Sukrit Bharati: Thank you so much. Thank you.

Moderator: We'll take another follow-up question from Arun. Arun, you can go ahead.

Arun: Hi, out of the current product line or the upcoming product lines, which is the products where we see the biggest opportunity of, let's say, China Plus One or any India being the second part where India is not producing much and the biggest opportunity is coming. So like what would be those -- can you share a couple of examples or any such things?

Sukrit Bharati: So in our current segments, I think I would say compressor is a blue ocean scenario for us as of now because in India, out of the 22-odd million compressors, this I'm talking about only refrigeration compressors that we are getting into. So out of the 22 million refrigeration compressors that are consumed every year, which is growing at 6% to 8% CAGR, the market, about 14 million to 15 million are imported.

And out of the 7 billion, 8 million that are manufactured are majorly manufactured by Korean brands and also by one Indian multinational. So these are the three primary players in that segment. Apart from that, the 14 million to 15 million gap exists today in the market. So we believe that if the government policy supports, that can be a very explosive growth segment for us in the next couple of years.

Arun: Thanks a lot, thank you.

Sukrit Bharati: Thank you so much.

Moderator: We'll take another follow-up question from Hitendra. Hitendra, you can go ahead.

Hitendra: Sorry, I have no further questions. Thank you.

Moderator: We'll take another follow-up question from Garvit. Garvit, you can go ahead.

Garvit: Thanks for the follow-up. Just wanted to ask in FY 2027, what can be the mix profile? I'm not asking for the guidance, but just wanted to understand like which segment likely to contribute what percentage of revenue?

Sukrit Bharati: I think I mentioned this also, about 65% should come from AC next year consolidated, 65% to 70%, let's say, about I think 15% will continue to be refrigeration, 15%, maybe 20% and similar percentage for EMS also. Compressor maybe about 10-odd percent next year.

Garvit: Where are the dispensers and also?

Sukrit Bharati: Dispensers are part of the refrigeration category.

Garvit: Thank you very much.

Sukrit Bharati: Thank you so much.

Moderator: Thank you. Due to the shortage of time, we'll now take the last question from Pawan. Pawan, you can go ahead.

Pawan: No, I do not have any questions.

Sukrit Bharati: Thank you so much.

Moderator: Next question is from Kunal. Kunal, you can go ahead.

Kunal: Okay. Just two quick questions. First, what is your PLI benefit you expect for this year? And what was it in half one? And in EMS, what are the major products?

Sukrit Bharati: Right. So PLI benefit this year is expected around ₹20 crores for the company. That is one. Second is EMS, of course, lighting is one major category for us. Then we are doing some controllers for appliances,

whether it is air conditioners or we are also doing some controllers for BLDC fans.

We are also doing some control boards for EV charging boxes. So I mean, EMS as a facility, of course, can do a wide variety of products. But these are the major products that we are currently operating it. So controllers for appliances, lighting and other smaller EMS products like EV chargers and others is what we are doing.

Kunal: Lighting and controllers will be what percentage of the EMS business?

Sukrit Bharati: Lighting and controllers about 80% together.

Kunal: 80%. And what is the PLI benefit received at the end of the year or...

Sukrit Bharati: So we accrue it at the end of the year, and it is received in Q1 normally, Q1 or Q2.

Kunal: Okay. Thank you very much for being patience. And have a good year end.

Sukrit Bharati: Thank you. Thank you so much.

Moderator: Thank you. I would request management to give any closing comments.

Sukrit Bharati: I appreciate and thank you all for taking the time in the evening and joining our call. We look forward to a good FY overall and a strong order book. And thank you so much again for being here. Thank you.

Moderator: Thank you. Thank you to the management and all the participants. This brings us to the end of the call. Thank you.

Sukrit Bharati: Thank you.