

10th February 2026

To,
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400051

To,
BSE Limited
Phiroze Jeejeebhoy
Towers, Dalal Street,
Fort, Mumbai – 400001

NSE Symbol: QPOWER

BSE Scrip Code: 544367

ISIN: INE0SII01026

Dear Sir/Madam,

Sub.: Submission of the Transcript of Q3 FY26 Earnings Conference Call held on 05th February 2026.

Pursuant to Regulation 30 and 46(2)(oa) read with Schedule III Part A Para A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of Q3 FY26 Earnings Conference Call that was organized with the Analysts/Investors on Thursday, February 05, 2026 at 10.00 A.M. (IST) on Unaudited Standalone and Consolidated Financial Results of the Company for the third quarter ended December 31, 2025.

The aforementioned transcript of the 'Q3 FY26 Earnings Conference Call' is also uploaded on the Company's website, i.e. www.qualitypower.com.

We request you to take the above on record and treat the same as compliance under the applicable provisions of the SEBI Listing Regulations.

Thanking you,

Yours faithfully,

For Quality Power Electrical Equipments Limited

Deepak Ramchandra Suryavanshi
Company Secretary & Compliance Officer
ICSI Membership No.: A27641
Place: Sangli

QUALITY POWER

“Quality Power Electrical Equipments Limited
Q3 FY26 Earnings Conference Call”

February 05, 2026

QUALITY POWER

 **INVESTMENTZ**.COM
By Ash C. Mehta | A Pantemoth Group Company



MANAGEMENT: **MR. BHARANIDHARAN PANDYAN – JOINT MANAGING DIRECTOR – QUALITY POWER ELECTRICAL EQUIPMENTS LIMITED**
MR. RAJESH JAYARAMAN – CHIEF FINANCIAL OFFICER – QUALITY POWER ELECTRICAL EQUIPMENTS LIMITED
MR. SANJOG MHATRE – CHIEF EXECUTIVE OFFICER – QUALITY POWER ELECTRICAL EQUIPMENTS LIMITED
MRS. SARIKA JADHAV – SENIOR VICE PRESIDENT FINANCE – QUALITY POWER ELECTRICAL EQUIPMENTS LIMITED

MODERATOR: **MR. SIDDARTH BHAMRE – ASIT C. MEHTA INVESTMENT INTERMEDIATE**

Moderator: Ladies and gentlemen, good day and welcome to the Quality Power Electrical Equipments Limited Q3 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Siddarth Bhamre, Head of Research, Asit C Mehta. Thank you and over to you sir.

Siddarth Bhamre: Thank you. Good morning everyone. On behalf of Asit C Mehta, a Pantomath Group company, I welcome you all to this con call where Quality Power management will apprise us on fantastic set of numbers Q3 FY26.

And for this today on call we have Mr. Bharanidharan Pandyan, Joint Managing Director who is joining this call from Chicago US, what a time to be in US, I would say. Also Mr. Rajesh Jayaraman, Chief Financial Officer, Mr. Sanjog Matre, Chief Business Officer who is now been elevated to Chief Executive Officer, our greetings for that to you Sanjog. And Mrs. Sarika Jadhav, Senior VP Finance. Over to you Bharani.

Bharanidharan Pandyan: Good morning ladies and gentlemen. Thank you for joining us this morning for our Q3 and 9M End Financial Year 2026 Earnings Call. The quarter gone by has been an important one for the company. We delivered a healthy operating performance broadly in line with the direction we had communicated to the market earlier.

Execution improved meaningfully across organizations driven by better advanced planning of critical materials, tighter project governance and disciplined cost management on the ground. Our teams remained sharply focused on delivering customer timelines and margin protection and I am pleased to note that this focus has helped us sustain profitability despite a dynamic and often unpredictable operating environment.

During the quarter we successfully executed multiple large value orders through our Turkish operation. As this also coincided with their financial year end the timing led to a noticeable uplift in quarterly revenues. As a promoter and long-term steward of the company it is critical for me that we walk the talk.

I am therefore particularly satisfied that the guidance provided both on the top line and the bottom line has been largely met for the year. The standout achievement has been Mehru's performance with an EBITDA margin of 16.4%, fully aligned with the commitments we had made to our stakeholders earlier this year.

On the strategic front we took an important step by completing the acquisition of 50% stake in Sukrut Electric Company Private Limited converting into a joint venture of the company along with Yash Highvoltage Limited. Sukrut operates in electrical component manufacturing and brings in highly complimentary capabilities to our ecosystem.

When combined with our instrument transformer and our upcoming magnet wire capacities, Sukrut enhances our access to the transformer manufacturing value chain across geographies. Equally important to note that we have welcomed a dynamic leadership team at Sukrut and we are encouraged by the early signs.

Following the financial handover, the company turned operationally positive in its very first month under the new management, something that has not been achieved over the past 5 years. This gives us confidence in both the business model and the leadership driving it forward. On the capacity expansion side we are making steady and tangible progress.

The Sangli Global coil factory construction timeline has been advanced in line with our earlier communication and we are now targeting completion by June 2026 ahead of our earlier schedule. Operational commissioning of course remains subject to regulatory approvals including the critical environmental clearance certification which we continue to actively engage upon.

In parallel the board also has approved an additional investment for setting up a Global Engineering and Technology center at Sangli. This facility will serve as a group wide hub for design engineering and product development, an investment that reflects our belief that sustainable growth in our industry must be anchored in deep engineering capability.

Expansion at Mehru is also progressing well with equipment being commissioned in a phased manner. The Cochin expansion is fully complete and we are evaluating the establishment of a instrument transformer manufacturing facility in Turkey through our group entities aimed at serving the European markets with greater proximity and responsiveness.

With the induction of new leadership across the group it also afforded me something rare and valuable, time to step back and learn. Earlier last month I spent time at the FLAME University as a part of the Next Orbit program. Going back to the classroom was both humbling and energizing.

The program helped me look at the organization from a wider lens beyond numbers and quarterly outcomes to reflect on what it truly means to run a scale a public global and a institution driven enterprise. Interactions with diverse cohort and a strong faculty sharpened my thought process around capital allocation, governance frameworks, sustainability, leadership depth and investor communication.

These learnings have directly influenced how we are shaping the next budget not merely as a financial exercise, but as a strategic roadmap for long term value creation. I would like to sincerely thank our employees for their commitment, our customers for their trust and most importantly our long-term investors for their continued confidence in us.

I now invite our new Chief Executive Officer Mr. Sanjog Mhatre to share the business updates. Thank you, Jai Hind.

Sanjog Mhatre:

Thank you Mr. Pandyan. Good morning to all and thank you for joining us today. The strong results this quarter are a direct outcome of the commitment and execution strength of our

teams. Despite more than 25 holidays during this quarter, our operations performed exceptionally well which reflects the resilience and focus of our workforce.

We have continued to strengthen our manpower particularly in areas aligned with expansion and new growth initiatives. Headcount additions are ongoing with new employees joining regularly. This increased capacity enhances operational stability, reliability and supports a strong one team culture anchored in well-defined processes.

I am also happy to share that our Cochin expansion is now fully operational strengthening the ability to serve coil-based products for the domestic markets more efficiently. Looking ahead we have set higher targets for order intake for the coming years. Budgeting activities are underway both internally and in close coordination with our group companies.

Demand has been particularly robust from the Middle East, Europe, United States and Australia reflecting both the strength of our product portfolio and our growing global footprint. Despite delivering record high execution levels during this period our order book has expanded meaningfully. We are currently in advanced discussions for potential orders exceeding INR 300 crores which we expect to close before the end of the financial year.

From a market perspective we continue to navigate global challenges including volatility in metal prices and supply chain constraints. While copper prices have been soaring up our exposure remains limited and does not materially impact Quality Power at this stage. Aluminium prices are expected to be a little impactful however we are progressively adjusting our prices to manage this anticipated increase.

As part of the upcoming promising journey our first GIS trial product is targeted for market readiness by June or July of 2026 making an important milestone in our portfolio expansion. Positive indicator is that the increase in customer audits at our facilities particularly for HVDC and STATCOM projects. The growing frequency of these audits reflects increasing confidence from global customers and ensures that our operations remain system driven, compliant and process oriented.

To summarize therefore we are entering the next phase with stronger teams, clearer processes, higher targets and a disciplined one team approach. Positioning Quality Power group quite well to manage current challenges and support sustainable growth going forward. Thank you for your time and continued trust.

I now hand over the call to our CFO Mr. Rajesh Jayaraman who will walk you through the financial highlights for this period. Thank you.

Rajesh Jayaraman:

Thank you Bharani. Thank you Sanjog. Good morning everyone. I will briefly summarize the financial performance for the quarter ended 31st December 2025 covering both our standalone and consolidated results based on total income. Overall the quarter reflects healthy growth in income and profitability driven by better execution, operating leverage and disciplined cost management.

Starting with the standalone business, total income for the quarter stood at INR 592 million registering a quarter-on-quarter growth of about 9% and year-on-year growth of around 63%. The growth was primarily driven by higher execution and billing during the quarter while other income remained stable indicating that growth was largely operational.

EBITDA increased to around INR 204 million reflecting a substantial growth over the previous quarter and a strong improvement almost doubled over last year. EBITDA margin improved to about 35% supported by better absorption of fixed cost and controlled operating expenses.

Profit before tax stood at INR 194 million growing by about 12% sequentially and almost doubling on an year-on-year basis. Profit after tax was INR 146 million reflecting a similar improvement supported by strong operating performance and a stable tax structure.

Moving on to consolidated results, total income for the quarter stood at INR 2,843 million representing a quarter-on-quarter growth of about 30% and more than 250% increase compared to the same quarter last year aided by scale up in consolidated operations, robust order execution, improved capacity utilization and higher operating scale.

Consolidated EBITDA increased to around INR 793 million showing a strong sequential improvement with EBITDA margin improving to about 28%. This was supported by operating leverage and disciplined control over fixed costs. Profit before tax stood at INR 743 million growing by over 65% sequentially and profit after tax increased to INR 628 million reflecting a strong improvement driven by higher operating profitability.

Consolidation of financial Sukrut Electric Company Private Limited will happen from this quarter Q4 FY2026 onwards. Looking ahead we remain confident in the business outlook, supported by a healthy order pipeline and improved execution capabilities.

As revenues continue to scale we expect operating leverage to support margin stability with potential for gradual improvement. Our focus will remain on disciplined growth, cost efficiency and capital prudence to drive consistent value creation for the stakeholders. Thank you.

We will now be happy to take your questions.

Moderator:

Thank you very much sir. The first question comes from the line of Shaleen Kumar with UBS. Please go ahead.

Shaleen Kumar:

Congratulations to the management. Very, very strong performance and pretty good set of numbers. So, you know, some of the basic question which I want to understand. Like we see margin is improving in Mehru, but just to understand one thing like in that category can we see the margin coming back coming to the level of the company or is that category is something where we should see something like a mid-teen kind of a margin or there is a scope for margin further improvement?

Bharanidharan Pandyan: Good morning, Shaleen. We have margin for improvement in Mehru. I believe we should be in hope for a higher teen margin if the commodity prices remain stable. However, Mehru is also the place where we have new capacity coming in and we have some new geographies that we need to explore. So it's between margin and growth.

I believe we will take a chance as long as the overall guidance of 20% - 22% is being met. We may sacrifice some margin for larger growth because right now the focus is to make Mehru a global brand. That is what the Board is also putting across a new facility, the exploring a new facility in Turkey. So, overall I think if it's just margin we can push more margin, but we are also pushing growth. That's where it is.

Shaleen Kumar: Got it. Thank you. So, Bharani, then my next question is on your Sangli capacity. So you know we have a capacity coming I believe by starting from June 2026. So just want to understand like what would be our next process like will the new facility require qualification from the customers or because we already have existing facility it doesn't need that?

When will we start you know booking orders on that? So if you can just walk us through what would be your next step probably you know post from now till maybe next 6 to 9 months etcetera?

Bharanidharan Pandyan: So once we have an operational facility the customer audits would start on the HVDC. There would be at least about 40 - 50 different audits. Global customers depending on the projects we would schedule those guys coming in. Initially it would be Power Grid, Adani, Sterlites of the world in India along with EPC providers of HVDC like Hitachi, Siemens and GE.

So we believe that would be the first quarter focus including ISO and the NABL laboratories. With that I think on the order book front, I think at Quality Power, right now we are at about INR 280 plus crores or INR 290 plus crores in order book and we are expecting another INR 200 crores to INR 250 crores in the next 3 to 4 weeks.

So we are at about INR 500 crores which is about 3x what we closed last year in revenue. So going forward we would focus lot more on execution and from here till June of, we think we have another 4 - 5 months more to pick up more orders. I think orders at this moment is not the worry, it is how we are able to execute get the audits and the approvals faster from the authorities the bureaucracy that is basically.

Shaleen Kumar: Got it. Sure. This question is bound to come, so rather I ask. So Bharani, your guidance I was listening to last time, you were sticking to 20%. But given your performance has been so good, how should we think about for this this year, you know, margin now?

Bharanidharan Pandyan: I think as we committed last time we would improve upon the guidance. I think you can take about 22% as a floor and with an upward bias that we would try to achieve. We have some small changes in numbers that may happen because of Mehru copper and aluminium at Quality Power, but I think we shall, we are comfortable with an upward bias of over 22%.

Shaleen Kumar: Basically 22 plus, plus you say?

Bharanidharan Pandyan: Correct. So assuming there is no more surprises on the copper and aluminium front from today.

Shaleen Kumar: Yes, fair enough. Like, given where the commodity prices are right now. Right. So yes. Got it. No that's very, very healthy.

Bharanidharan Pandyan: So, from a company perspective to give you individual numbers, EBITDA margins at Quality Power the coil product factory is 34%. At Endoks level it's about 30% and at Mehru level it's about 16.4%. So that's how that number comes to 22%. So the larger hit larger margins are being delivered from the coil product factory at this moment.

Shaleen Kumar: Got it. No thank you, thank you so much. Best of luck. I'll join back the queue.

Moderator: Thank you. The next question comes from the line of Praveen Motwani with Bank of India Mutual Funds. Please go ahead.

Praveen Motwani: Yes. Hi, team. Thanks for this opportunity. Sir, firstly congrats on the great set of numbers across the parameters. Sir, just wanted to understand from you that with increasing adoption of, you know, grid scale battery energy storage system for renewable integration, does that any challenges the requirement of HVDC or FACTSET projects going forward? What's your view on this sir?

Bharanidharan Pandyan: I would like to rephrase this question again, Praveen. So when we put batteries, do we put it at the generation end or at the receiving end? If I may ask according to you. So we put the batteries closer to where we generate the solar power or the place where we distribute the solar power?

Praveen Motwani: Generation end.

Bharanidharan Pandyan: So then how are we going to transmit that power from generation to distribution?

Praveen Motwani: Okay. So according to you that is, yes understood.

Bharanidharan Pandyan: So, if I'm going to put all the batteries in Khavda, how does Bombay get power? And if I put all the batteries in Bombay how does the solar panels from Khavda reach Bombay? So having said it we have already done BESS projects. We are making our own EMS and converters in Turkey. We have about two or three projects old. We have our converters already on the field.

BESS is a complimentary technology to HVDC FACTS and battery energy storage is at this moment a couple of hours maximum. What we say as a peak load sharing in the peak load times. When you have to really store energy for more than 8 or 10 hours we still don't have those kind of batteries.

And assuming bad weather for a couple of days there is no other option but to get conventional power sources. So interconnecting of transmission grids is a no brainer technologically. And if you look at some of the new projects that are coming up these are typically 1 gigawatt plus.

So even the Reliance new projects what they are talking is again excess of 30. I think it's close to 40 or 50 gigawatt. So AC transmission line typically is about a gigawatt in transmission whereas the HVDC in India we are talking 6 gigawatts. So the customer does not intend to putting 50 transmission lines at transmission voltages, they would rather do about five lines of HVDC. So I believe HVDC is there to stay.

I was here reading about the Power Grid earnings call last week I believe they have announced two more HVDCs coming up in the next year. But apart from the Indian HVDCs we have executed HVDCs in Korea, in Abu Dhabi, we are also executing something in Australia. So we see global opportunity as much larger than India even though in India we are the dominant and the only player at this moment.

Praveen Motwani: Got it. That was very helpful sir. And sir just to understand what portion of our order book is executable in the next 12 to 18 months?

Bharanidharan Pandyan: About 95%.

Praveen Motwani: 95%. Okay got it.

Bharanidharan Pandyan: 90% - 95% if everything goes okay because we would normally not like an order book of more than 12 to 15 months. I normally pick up orders only once a capacity comes online or we have a visible hold on the capacity otherwise we lose money on LDs or the metal prices give us a very rude shock. So 12 months, 15 months I think has always been our traditionally a safe period for us.

Praveen Motwani: Got it. Thank you so much sir. That's it from my end.

Moderator: Thank you. The next question comes from the line of Aditya Trivedi with Nepean Capital. Please go ahead.

Aditya Trivedi: Hi so is the new HVDC CTC magnet wire facility able to service demand for both VSC and LCC technologies given that different specifications of CTC are required for both?

Bharanidharan Pandyan: So for the coil products that is used for both VSC and LCC technology is the same with the same raw material. So I do not think that is a problem. This special HVDC wire is the first time that will be making in the country and I believe over a period of time we would also cascade or vertically move into the CTC cable facility for HVDC in the transformer manufacturing space. With Sukrut already giving us in excess of 200 to 300 global customers on transformer business globally we believe we will at some point also be able to sell it to competition.

Aditya Trivedi: Okay got it. And given the volatility in commodity prices how much of our existing order book of INR 895 crores is fixed price versus having price variation clauses?

Bharanidharan Pandyan: I don't have the numbers, but I think I can be reasonably sure that 98% is fixed prices. So it's very rarely because we do not have any government direct dealings unless it's Power Grid. So

our numbers are already fixed at times when the gold prices or silver prices start shooting up, we also understand that copper and silver, copper and aluminium also start shooting up.

So we start increasing prices 2% or 3% every week or sometimes every month. But when it suddenly increases by 30% in night it unexpected. That is when we get some shock, but then when we adjust the prices to a higher prices then the next quarter and the price goes down we make the money. So overall we are not worried about the margin expectation.

As I said some of the coil products where we are exposed on aluminium, we are doing 34% EBITDA margin we have scoped the aluminium price to the sales prices about 20% to 25% at this moment. So if anything it would be about 2%, 3% here and there. On Mehru the impact would be about 1% or 2% based on what the copper looks like at the current moment. So this is all at Endoks they are not worried, it's all power electronics copper doesn't hurt them.

Aditya Trivedi: Got it. And one last question from my end is on the OCF to EBITDA conversion that seems to got impacted this year. How do you see the cash conversion cycle going forward as you all ramp up on this new capacity?

Bharanidharan Pandyan: My apologies Aditya I don't understand the question I will have to route it to my CFO or VP Finance. Sarika or Mr. Rajesh can you please answer the question?

Rajesh Jayaraman: Can you please repeat the question we did not get it clearly.

Aditya Trivedi: Yes I'm saying the OCF to EBITDA ratio which was at 0.5 in FY25 has come down to 0.1 for H1 FY26 which means the your working capital has got stretched. So how do you see your net working capital days going forward? Do you see that improving?

Sarika Jadhav: Sir our working capital limits we have optimum utilization during this quarter for the procurement of raw materials like conductors and insulators to support the business operations and requirements. That's why it's stretched during this quarter.

Bharanidharan Pandyan: Aditya what we have done is we have had a stock pile of all critical raw materials including insulators whichever was whichever we felt was very critical to the operational requirement. So these are all in stock building on inventory. I think that is why you would see a slight enhancement. This is one of the reasons why we didn't disappoint on the numbers because we stocked up. So once the demand supply in the inventory side or in the supply chain side improves I think we would reduce our inventory levels.

Aditya Trivedi: And what are your receivable days right now?

Bharanidharan Pandyan: Sarika you will have to answer that.

Sarika Jadhav: Sir our receivable days are normally 45 to 60 days.

Aditya Trivedi: Thank you. That's it from my end.

Sarika Jadhav: Thank you sir.

Moderator: Thank you. The next question comes from the line of Kartik Kohli with Kotak Institutional Equities. Please go ahead.

Kartik Kohli: Hi sir. Thanks for taking my question. While obviously you have had a very good quarter I wanted to understand how these expansions that you're doing where what sort of top line do you see these contributing and what is the overall opportunity size in the market that you intend to capture with these?

And the more important part of all of this is more linked to your magnetic wire capacity because it's entirely for your own value chain. I wanted to understand from what all other areas of backward integration that you may be looking to secure your supply chains? That's my first question?

Bharanidharan Pandyan: So the backward integration is something that we are not very excited about. We are only doing it to ensure that such a large facility is able to run on it in critical times on for especially HVDC projects. So I do not foresee any further backward integration unless there is a huge shortage going forward.

With regards to the revenue potential I believe I do not have any published numbers, but my nearest competitor is a company called Trench Electric. This was earlier owned by Siemens currently owned by a clutch of private equity investors. On their last post in December their order backlog was about 1.5 billion dollars or euros.

So I think there is a lot of scope for growth what we say in that sphere between the coil and instrument transformer products. So instead of focusing on what is the kind of opportunities or the market that would be in I think we are more focused in getting the factory to about 70%, 75% capacity utilization over the next two or three years. I think that would generate enough cash and beat the estimates. The market is there the HVDC FACTS and other products side.

Kartik Kohli: Got it, sir. That's very helpful. My second question is more linked to your GIS product line. Your partnership with the Korean company I wanted to understand firstly what sort of co-development benefit that you get here? Does it help you with qualification with customers does it get you market access far more quickly than any other player?

And more specifically is there a limitation to such an arrangement like does it limit you to certain geographies or you know certain set of customers is there any sort of limitation on that? Yes that will be my second question.

Bharanidharan Pandyan: So with when you develop high end technology especially at the transmission voltage say at about 400 KV 765 KV there is always a market resistance. The resistance come from end customers say in this case Power Grid or likes of Power Grid. Then would come the system integrators themselves. So in India there are four major system integrators Hyosung, GE these are the largest then Hitachi and Siemens. These guys get about 95 to 97% of the current market share and Hyosung being the market leader in high voltage.

So when we started developing this product line we were the first people in India but we had to also there was also support from the central government. The CEA has been very positive

on this approach because this was very critical to the national security because all this stuff is coming from China or Europe at this moment and this was critical to most of the substation going forward.

So the government had a positive view on it Power Grid had a positive view on it but we still had to have some partner who would put it at a 765 KV or 400 KV to begin with. Hyosung is a very large company it's has I think this year the revenue is in excess of \$17 billion. I think in the size of Hitachi. And they also have a globally large facilities for GIS across the world.

So working with Hyosung also not only allows us the Indian market going forward but also the Korean and the American markets where we see a lot of traction and including Middle East. So it has a natural buy in. So whatever we sell to Hyosung, we do not have to pay any royalty but whatever we sell to the other customers we have a very small royalty which goes away in about five years' time.

So that is where it is. I think this a cost of development and when we are working with the green gas technology green gas testing protocols there is a lot of knowledge share that is happening with Hyosung hand holding and I believe it will be a successful partnership for some more products. We are also starting work on transient surge capacitors for GIS. We are also working with them to see if Sukrut can develop more components into the GIS ecosystem.

As GIS goes in I believe we have the first mover advantage on the products into it and we have also been approached by the other players in the market to be able to see whether we can also start deliver to them. So we are working with all the large players now in the ecosystem.

Kartik Kohli:

So just to quickly follow up. So you said there is a positive, like, view of you know government agencies PGCIL system integrators. So like are you seeing a positive push in terms of like they're actually come like asking for more such partnerships in place for other product and specifically from non with non-Chinese players which more specifically would you know end up being more Korean players at this point?

Bharanidharan Pandyan: There is a lot more opportunities in the power system but we are limiting ourselves to critical high technology items. So we do not intend to participate there but as we speak I am in the US and I believe we will have some more partnerships coming from this part of the world. So the non-Chinese critical technology items is a requirement across the world right now including Middle East, US, even parts of Europe now with all governments being protectionist to their own national security.

They require access to technology locally. So that is something that we are working upon and because given the access of technologies if you see we have put across our technologies that we own we become a credible player in technology transfer along with local partners or co-joint manufacturing. So we are exploring opportunities in that side.

Kartik Kohli:

Got it sir. Thank you. I'll fall back in the queue.

Moderator:

The next question comes from the line of Nemish Sundar with Elara Capital. Please go ahead.

Nemish Sunder: Yes, hi thank you for the opportunity sir. Congratulations on a very strong set of numbers for the quarter. Sir my first question is I just wanted to understand on the recent EU and US trade deals that we have signed particularly for Mehru?

So could we see any additional new opportunities that we could gain from this? And also the Chinese relaxation that was provided the news of that recently, so for Mehru could we see any impact because what we heard is that would also be covering transformers. So could we see any new Chinese entrants coming and affecting the pricing?

Bharanidharan Pandyan: I will answer the first question with regards to the tariffs. I think we never had a problem with the tariffs because there was no competition in US, so everything had to be imported and most of us were sitting at similar tariff levels. What I have seen in the last two days I am in the US talking to customers it's not about the tariffs it's about the sentiment, like they prefer somebody with a lower tariff or lower cost than somebody with a higher tariff.

So I think the sentiments are positive towards India at this moment. So with regards to the next question on China I think it's a mere speculation. With regards to instrument transformers to Indian utilities I think the discussion you are referring to is power transformers not instrument transformers. Instrument transformers every customer every utility has a different certification tests, different specifications.

Even when the Chinese were there in full force before 2020 there was not a single tender which they participated. So I don't think the worry is at the Mehru end for the Chinese. On the HVDC side including pre 2020 the Chinese were not allowed primarily because the spare part requirement is about 40 years. If and when Chinese would be allowed they would be allowed in small categories in the AC transmission segment where we do not have much to contribute anyways at the transmission voltage level.

With regards to again the component business like Sukrut again we are not worried. Endoks already faces Chinese competition in that part of the world and most of the global markets that we operate in we already face Chinese. So it is not something new to us it is not something that worries us. However the recent news I would only classify as speculation and nothing more.

Nimish Sunder: Okay fine. Very clear sir. And secondly on the you mentioned in the speech that some supply chain constraints were being faced so would you highlight if there is anything significant as of now in any particular area that we're facing or it's largely something that we it's in normal course of business and we can go through it?

Bharanidharan Pandyan: The insulators are still a cause of concern if you look at something like modern insulators you see their stock touching upper circuit every day. It just indicates that how big is the shortage in this part of the world. The Chinese insulators are again are not available for some of the critical projects in India. So again for the Indian projects and some projects in the US and Europe you are stuck to Indian vendors.

We do import some insulators now from China paying a larger price than what a Indian counterparts do. That is something that is very visible. Apart from it there is ongoing shortage

of different commodities. So you work on one, the second one go would go in for a shortage. This is because of the kind of peak cycle in manufacturing we are seeing across the sector. This is something that I cannot predict right now that tomorrow we will have it. We stockpile it for a couple of months, but not more than a couple of months.

Nimish Sunder: Okay fine sir. And just one last bookkeeping question so could you provide the revenue split between Quality Power, Endoks and Mehru for the quarter?

Bharanidharan Pandyan: Quality Power Electrical Equipments and Projects the Indian companies put together is about 63 or 60 plus about INR 4.52 crores. Mehru is about INR 83 crores and Endoks is INR 149 crores give and take.

Nimish Sunder: Okay. Thank you so much sir and all the very best.

Bharanidharan Pandyan: Thank you.

Moderator: The next question comes from the line of Eshit Sheth with Anvil. Please go ahead.

Eshit Sheth: Hi, thank you for taking my question and congrats on very good set of numbers. Sir my question was with regards to the demand outlook. With what we've heard in the budget uh especially for data centers the tax incentives that government is providing. Does this give a meaningful push for HVDC in the medium term for us?

And the second question I had was when we look at uh what we've highlighted in the presentation with regards to capacity expansion uh possibly a greenfield facility for Mehru at Turkey. What is the rationale of doing it outside of India and not in India especially with the key management of Mehru based out of uh New Delhi? So if you could explain uh both these points?

Bharanidharan Pandyan: With regards to your first question on data center, I think anything if you are doing on data centers, the only cost of running a data center apart from people is energy. Some of the data centers in India that we are talking about hyperscale is already 1 gigawatt that is what Google said. We are also looking at some projects like Fermi in US where they're talking about 11 gigawatt in Texas.

And with tax breaks in India with cheaper renewable power, I believe we should also be in that scale in the next four-five years in India. So, when you talk about 10 or 11 gigawatt, this is like a city of Pune that needs to be fed to a data center 24/7. There is going to be lot of high power equipments that's being built, not just HVDC. It can be instrument transformers, wave traps, transformers. It's just a power ecosystem.

So, whether or not HVDC, I don't know, but whether there'll be a lot of AC transmission equipments, 100% yes. And but do I see anything happening in the next two years? I don't think so, because there has to be still some commitments like even the money is still not seen on the ground yet. But in the US, we see a lot of hyperscale data centers coming up. We are working on some few opportunities.

We just executed a Microsoft hyperscale data center in Finland. So, in Europe we are working, in US we are hunting for opportunities. In India, as and when it comes in, we will get into it, that is the first point. The second point is on Mehru. So, for Mehru expansion, they had about 45% coming in, of which something is already reflected.

We had to start expanding for land and near the factory in Delhi, the land is not coming less than INR 25 - INR 30 crores an acre and at about 10 acres that we require, we require at least INR 300 crores only for the land, plus the building and the people. I don't think it's economic viable for that kind of a business. The only other option was to shift it 150 kilometers away from where they are, which means the management anyways would not be there 24/7.

We had about 40 acres of land in Turkey and we had lot of cash sitting in our subsidiaries there, highly profitable subsidiary. And Turkey is also overnight to Germany, France on the road. We also have a support and service team there and which also enables a easier FAT, that what we call as factory acceptance test for European customers. So, we are exploring. The board has requested a market survey along with the details.

We will be in Turkey with a delegation going around talking to the customers. Even the Turkish local market seems significant; the prices are almost 30-35% higher than the Indian market. So, we are consolidating operations there and it would be cheaper for us to put a new capacity there because the cost of land and lot of money is already available, that's all. Instead of putting that kind of money in India.

Eshit Sheth: Yes. And what kind of greenfield facility, when we talk about setting up, a greenfield facility, what kind of capacity we're looking at for Mehru?

Bharanidharan Pandyan: The initial outlay for the test lab and other allied equipment including manufacturing is about 3-\$3.5 million, plus the building. So, we're working, I think the building would cost us about \$2-\$3 million. So, \$6 million is what we have an outlay. Since Mehru does not have all the cash on its book, so we also have cash on Endoks book and the land is there. We are using those opportunities. At I think about \$6 million, I think in about two to three years' time, I believe it should be a \$25 to \$35 million facility with similar margins of between 15% and 20%.

Eshit Sheth: Understood. Okay. Thank you so much.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. The next question comes from the line of Naman Parmar with Niveshaay Investments. Please go ahead.

Naman Parmar: Yes, good morning, sir. Thank you so much for the opportunity. Firstly, continuing with the other participant question that increasing the capacity in the Turkey. So, with the trade deal with the Europe and various US and other countries, don't you think the manufacturing facility increasing in the India will be very viable for us?

Because manufacturing India is always very less costly as compared to the other part, even though you have rightly pointed about the cost of the land is very high in the Mehru. So any outlook on that?

Bharanidharan Pandyan: So, I will answer the question. So, if you look at high-voltage electrical equipment manufacturing, say a power transformer which you are very well aware, Hitachi operates in excess of 11 factories across the world, and the biggest factory for them for HVDC facts is Brazil, not in India or China. Same way GE operates multiple facilities.

So, the customer here is not really worried about prices. It's not the lowest cost of manufacturing which decides a buy decision. It is also access to the factory, the FAT. So, most European customers need a visa to enter India, whereas it's a domestic flight for them to fly inside EU. It's on road, their service teams can enter facilities within 3-4 hours from a direct flight from Istanbul in most parts of Western Europe.

And the deliveries are about six weeks, eight weeks inside the factory and another two-three days on road to most parts of Europe. India still is a mother facility. India would still have a lot of market for, say, something like the US, Australia and more larger markets. But I think European is also far more inward-looking market toward Indian companies. A European base would not hurt, A.

B, we also don't have the land in Mehru. So, if I have to invest in a land 150 kilometers away and then ship it to Europe, I think this is much cheaper, easier and the capital allocation is better because I have money sitting in one book, I have technology sitting in the other book and the customer is very close to where I am.

Naman Parmar: Understood. Secondly, on the capacity and revenue potential side. So existing capacity could handle around INR 1,500 crores of revenue, right? With the all new capacity that you are expected to come in the Quality Power, Mehru, Endoks, Sukrut and all, how much revenue potential could be for you?

Bharanidharan Pandyan: I would take a stepwise, my dear friend, instead of going and throwing some large numbers, I would go sequentially. A healthy growth every year is what I would want the company. I believe we will be taking an S-shaped curve, grow exponentially one year, stabilize the next, again grow.

That would also help us build the teams internally, build the structures because not every year you can recruit 400-500 people and then, take another 500-800 people next year. So, we also need to internally stabilize for the next step of growth. So, that's what that's going to be the ecosystem. While all this is happening, we are also generating a lot of cash.

I think our net current assets is in close to INR 390-plus crores, and what we say, we would we would also attempt some acquisition in the near future if we find something attractive in our space. I think largely it's both organic and inorganic, that's where our growth potential is.

Naman Parmar: Okay. And lastly, on the other income side. So, if we see on the current quarter, your other income has fell significantly. So, how much cash you currently hold in the Turkey plant? Like,

there was a very big translation gain used to happen in the earlier quarter, right? Due to hyperinflation in the Turkey. So, currently, what is the scenario for the Endoks and the other income?

Bharanidharan Pandyan: So, the Turkish, Lira has been more or less stable for the last three to four months, which is translating to zero forex gain or loss in in your hedge calls. So, it is going into operating income. So, the other income is slowly translating into operating income. More or less the EBITDA remains the same in percentages if you compare in the last three balance quarters.

Naman Parmar: Okay. Understood, yes. And lastly, if you can give a order book breakup for the all the three, Quality, Endoks, Mehru and Sukrut?

Bharanidharan Pandyan: Quality Power Electrical Equipments is about between INR 290 to INR 300 crores. Sukrut is about INR 4 to INR 5 crores with Mehru, I think is excess of INR 400 crores. Endoks, because they build a very high quarters, is about INR 150-INR 160 crores.

Of the new order intake that is likely to come in, about INR 200-plus crores for Quality Power, about INR 70-INR 80-INR 90 crores, for Endox and another about INR100-plus crores of Mehru. That's what we are seeing immediately in the next 45 days that we should be able to sign.

Naman Parmar: Okay, understood. And for Mehru, the margin that you have expanded in the current quarter of around 16%, so you expect that the margin could increase more from here also or it could be a sustainable for the Mehru?

Bharanidharan Pandyan: I think we would like to chase growth right now, because Mehru is a growth engine for us globally. So, we are comfortable with the guidance what we gave. We are comfortable with the margins what we have. So, even with low Mehru being lower, our overall margins are still under control. We would focus growth from Mehru at this moment, rather than margin expansion.

Naman Parmar: Okay, yes. Understood, yes. Thank you so much for answering.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. The next question comes from the line of Shrenik Mehta with Indo Alps Wealth. Please go ahead.

Shrenik Mehta: Hi. Good morning. Just wanted to check a little bit of an idea about all the expansion that you're doing. So, if you just take the current expansion and if you just take, say, 75% capacity utilization, what could be the revenue that we could generate just based on current expansions?

Bharanidharan Pandyan: I believe it would be safe to say about close to INR 1,500 crores.

Shrenik Mehta: Okay. And my second question was more about these trade deals that have been signed, so there is also an inclusion of supply to Turkey that comes with the European deal. How do you see this impact, maybe from 2027 onwards?

Bharanidharan Pandyan: So, the customer for our products have elastic budget. So, it's basically bought on brand and technology rather than what the prices are. So, as long as your factory is compliant, the technology is good, you have capacities, I think the tariffs really didn't matter. I don't think tariffs either impact us positively or negatively. So, I don't have any good news on that front.

However, what I've seen in the last couple of days, it has a feel-good effect on the customer. He feels he saves something small. That small is big for them. So, I believe that's only a feel-good sentiment rather than really impacting the business sentiment. These are not commodities; these are high-end technical stuff.

So where the customer knows what he is buying, the price is not something that is going to hinder what he decides what to buy. Just to give you an idea, say an F-35, Sukhoi, or a Rafale. I don't think it is on what is the price of F-35 or Sukhoi. The customer has made his decision what he wanted to buy and then based on what he had to buy, he negotiates with the vendor, that's how it goes in the sector.

Shrenik Mehta: Okay. Thank you.

Moderator: Thank you. The next question comes from the line of Shashank Jha with SB Capital. Please go ahead.

Shashank Jha: So, my question is regarding top line. Like, with the current capacity and the capacity coming, you can add up to INR 2,500 crores of revenue, as per your guidance shared in last concall. So, any plan on having new capex and what is the timeline you can give to achieve that revenue?

Bharanidharan Pandyan: So Shashank, we did not guide anything to INR 2,500 crores. We just said that this factory can go up to INR 1,500 crores. Our focus is to first deliver on this factory, focus on Mehru expansion, and focus on getting more throughput out of Endoks, increasing at least three times from Sukrut. I think we have a lot in our table for the next 12 to 24 months.

I believe that is going to keep us busy. We have land bank, we have cash. I think as and when there is a requirement of a capex, I don't think there is a problem. If the board approves and we feel it required as promoters, we would put in. I think next 24 months, I don't think we are we are even looking at that side.

Shashank Jha: So this 100% growth will be sustainable using the capacity we are having currently and going to have in some time? Because I don't see, like, I see it sustainable for at last two, three quarters.

Bharanidharan Pandyan: So I guided earlier that we would be having an S-shaped curve. So the next year once this year once we get the new factory coming in, we will have audits going in. And once the audits and the teams are fixed, I think you will see some hyper growth again after about 12 months' time.

Mehru, again they are incremental capacity, once the Turkey, if the board approves the Turkish facility, again it will be about 7, 8, 10 months of capex and then they would again start spiking. So, I think these would be coming as bullet quarters and again as I said, it's both

inorganic and organic. While we target organic, we may also surprise markets with inorganic stuff.

Shashank Jha: Okay great. Sir, two more numbers I need from you. One is the sustainable EBITDA margin what can be? And second is tax rate. Like, your tax rate is varying a lot quarter-on-quarter. So can you give me some number what will be the tax around FY'28? I assume it will be something around 25%, but I just want to get some confirmation from you. And second is some numbers on EBITDA margin, which can be sustainable?

Bharanidharan Pandyan: We have already guided that 20% is your floor rate for the EBITDA margin for all your calculation and analysis. I think we would have a positive bias on 20%, that is point one. And the second the second question was you asked me was on tax rate. So, in India, the tax rate for both Mehru and Quality Power is about 25%.

At Sukrut, they have about INR 25 crores of losses that we will be able to recoup going forward from the old management. With regards to Endoks, we have a lot of R&D benefits in that country. So, it's effectively zero tax rate as and when we do the projects. So, we have paid close to zero tax rates over the past 15-16 years that we have owned them.

I believe that will continue till they change the policies in that country. That's one of the reasons why the effective tax rate looks lower, but it is because Endoks pays anywhere between 0 and 4% taxes.

Shashank Jha: So, sir, for my calculation, what can I assume? 20%? 22%? What should you give?

Bharanidharan Pandyan: About tax rate? Tax rate should be you can take it about 20%, assuming that even if we don't do any R&D in Turkey and there's only small R&D, you still would get it. But if you look at our DRHP as of last year, I think the numbers was between 5 and 6% of our revenues what we were doing as a R&D budget. Again these are they are doing battery energy storage, STATCOMs, SVCs, high end of the stuff. So, that money needs to be continuously deployed to get an advantage on the technology side.

Shashank Jha: Okay. Great, sir. Got it. Thank you. All the best.

Bharanidharan Pandyan: Thank you, Shashank.

Moderator: Thank you. The next question comes from the line of Yash Dantewadia with Dante Equity Capital. Please go ahead.

Yash Dantewadia: Yes. Actually, I just missed one number. I had a choppy line. Could you just reiterate the order flow for the next six to nine months?

Bharanidharan Pandyan: I don't know about six to nine months. Right now, we have about INR 890-plus crores of an order book and about INR 300-plus crores that we would likely to sign in the next few weeks that is stuff that we know. Otherwise, the pipeline is very healthy. As and when we get it, we will declare to the markets. So, right now we are covering more than one year of order book.

Yash Dantewadia: Perfect. Just wanted to understand. This quarter, I think is the first time you've achieved a INR 300 crores run rate almost, the top line. From what I was able to understand and when I went through your guidance's before, you've been pretty conservative in giving guidance's and you've overachieved generally. So, going forward, do you think the current run rate is manageable, assuming you have, let's say, a three to four quarter of order book already in? That's my first question.

Second, your order execution and deliveries obviously sometimes are a little choppy and lumpy in nature because you might build in, have one quarter of very high deliveries. So, was this quarter one of those quarters or is this quarter a lumpy or not lumpy or sustainable or not sustainable? I hope you got the question.

Bharanidharan Pandyan: So, on the first question, I had already replied to Shashank that we plan to get an S-shaped curve, grow one year, then have a healthy growth the next year and then again start spiking in the next two-three years when the super cycle of the business is going around, that is point one.

With regards to lumpy quarters, yes, we will have lumpy quarters because if we're doing a lot of American business or Turkish business, December happens to be lumpy. If you're doing a European business, September happens to be a lumpy.

But more or less the guidance was between INR 700 and INR 800 crores. I think when you look at the guidance and what the numbers we delivered, I think more or less these were factored in. So, there is nothing new apart from the guidance that we had already given.

Yash Dantewadia: Right. But just trying to get this right.

Bharanidharan Pandyan: It's we're a very newly listed company. We cannot overcommit under deliver. So, I think going forward, we would like the way Voltamp, our peer, the transformer guys communicated. We listen to the calls, we do our own peer review. We would like to excite the market every time rather than disappoint.

Yash Dantewadia: No, that's perfect. Also, when we take orders in, let's say the INR 900 crores order book, do we use anything to hedge the commodity sort of input or do we place our orders immediately? How does that work?

Bharanidharan Pandyan: Unfortunately, both of us is not possible for us, because we really don't know when the customer is going to lift or when the project is online. But then we know what the deliveries are. The prices of the copper or aluminum is normally factored in as a part of that process. Sometimes you miss it, like in a super cycle like last week where the copper prices went haywire.

That quarter we may have an impact, but the same quarter we're also booking orders at that price. And the next quarter, the price is not sustainable, it goes down, so you book the profit the next quarter. So, unfortunately, we cannot if we get a clearance, we need to go ahead with the copper because we have to buy every day the metals.

You cannot have your factory running empty because the copper price is higher. So, that's a part and parcel of the deal, but our margins allow us to take care of it. And we've been there in the business for more than two and a half decades. I think we know how to manage these cycles. But yes, the super cycle of 30% in one week or something, it sometimes hurts immediately, but over a period of a year, it flats out.

Yash Dantewadia: But how many months of inventory do we generally maintain? You said we buy every day. Could you just help me understand at any given point of time, how many months are covered and factored in?

Bharanidharan Pandyan: So, we normally don't buy the what we say material in stock. It is mostly just-in-time based on order-based performance. But something like insulators, some long-lead cables, where we see suddenly a huge spike in deliveries, we are right now storing it, like stocking it from global sources, Indian sources, whatever capacity we have, because that that determines our sales in the next two quarters.

So, that's one of the reasons why we are stocking and the stock is related to only the most problematic items and not the ones which are not required. So, these are temporary measures that is taken to based on market situation. Otherwise, in a normal market, I don't think we have an inventory of more than 2 to 3% of our revenue.

Moderator: Thank you, sir. Mr. Yash, I would request you to please come back in the queue for further questions. The next question comes from the line of Prafful Agarwal with IIFL Capital Finance. Please go ahead.

Prafful Agarwal: Good morning, all. My question is what is the current capacity utilization and by when do you expect the recent capex to start meaningfully contributing to revenue and ROCE?

Bharanidharan Pandyan: So, our capacities are already stretched more than 100% at the current moment at all the businesses, Mehru, Quality Power, at the manufacturing stage. Sukrut has a lot to offer, Endoks we can take more. With regards to the capacity of Mehru, I think you would see some incremental numbers coming in from second quarter next year.

For us to start seeing some significance of the capex, we need to complete lot of audits. We need to also have the HVDC plant or the cable factory online. You would see some numbers trickling in from the third and fourth quarter of next year, you will see the uptick coming in. You would obviously see the order book shooting up every quarter, which would eventually be translated into numbers in the next few quarters.

As I said, with the current order book, we are already at about close to 300 booked, another 200-250 coming in in the next few weeks. This is about against INR 167 crores of last March, so we're already 3x and we could take more, provided we have capacity to deliver.

Prafful Agarwal: Okay, thanks.

Moderator: Ladies and gentlemen, this will be our last question. It's from the line of Dev Gulwani with Care PMS. Please go ahead.

Dev Gulwani: Hi, thank you for the opportunity. So if I look at Endoks quarter and quarter growth, it is approximately 100%. And in last month call you mentioned new capacity expansion and commission in December 2025. So new capacity won't have contributed much, plus existing facility was also at 100% utilization. So what is the reason behind such high growth in Endoks?

Bharanidharan Pandyan: Endoks, you are confusing with what we are doing in. these are all different product lines. We are not one product, one location company. Each factory each location has a different product line and a different vertical. The capacity shortage has been in our manufacturing vertical in India, and Turkey where we are doing the power electronics portion we never had a problem with capacity. We had other issues on semiconductors earlier.

Now it is again high voltage components. December is the year end for them and this is where lots of large projects execute, like March for most of us. I think that is the story. And this is not something new. We had already factored in the growth. And that's why the guidance came it. So when we did about INR 360 and INR 370 cores last year. And we had guided to 800 plus cores based on the number that we had 12 months before. This is not unplanned.

Dev Gulwani: And last question, what will be the peak revenue from Mehru and Endoks after capacity expansion?

Bharanidharan Pandyan: Depends on copper prices my dear friend. If the copper keeps going high I don't need to do anything the prices increase 30% so. So, it's difficult to answer such questions but I would say that 45% of, I think about INR 450-INR 500 crores Mehru can when can go in at this current moment at the current capex. Going forward with what we look in Turkey and other parts of the world I think we will come over the next call.

Dev Gulwani: Okay. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question for today. With that, we conclude today's conference call. On behalf of Asit C. Mehta, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.