QUALITY POWER

November 07, 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 Q2 FY27 Earnings Conference Call held on 02nd November 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 **Q2 FY27** Earnings Conference Call that was organized with the Analysts/Investors on Monday, November 02, 2026, at 12.30 P.M. (IST) on Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and Half Year Ended September 30, 2026.

The aforementioned transcript of the 'Q2 FY27 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

Digitally signed by DEEPAK RAMCHANDRA SURYAVANSHI
Date: 2026.11.07 17:25:20 +05'30'

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

"Quality Power Electrical Equipments Limited

Q2 FY27 Earnings Conference Call"

November 02, 2026

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

MODERATOR: **MR. PERIT – MOTILAL OSWAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to Quality Power Electrical Equipments Limited Q2 FY27 Earnings Conference Call, hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note, this conference is being recorded. I now hand the conference over to Mr. Perit. Thank you, and over to you, sir.

Perit: Thank you. Good afternoon, everyone. On behalf of Motilal Oswal Financial Services Limited, I welcome you all to the Q2 FY27 Earnings call of Quality Power Electrical Equipments Limited. Firstly, I would like to thank the management for giving us the opportunity to host the call and congratulate them on a healthy set of results.

From the management side, we have Mr. Bharanidharan Pandyan, Joint MD; Mr. Sanjog Mhatre, CEO; Mr. Rajesh Jayaraman, CFO; and Mrs. Sarika Jadhav, Senior VP, Finance. Without taking much time, I now hand over the call to the management for their opening remarks, after which we will open the floor for Q&A. Over to you, sir.

Moderator: Sir, you are not audible.

Bharanidharan Pandyan: Our manufacturing expansions, the progress at Win-Win Specialty Insulators and our capital allocation priorities. Let me begin with our manufacturing operations. The past quarter has been particularly demanding for our organization. We were simultaneously managing the final stages of commissioning two manufacturing facilities, obtaining regulatory approvals, completing multiple audits, meeting customer commitment and resolving the challenges that arise when large industrial projects transition into operations.

These activities have required considerable coordination across our businesses, often under demanding timelines. I would like to acknowledge the efforts of our teams across engineering, manufacturing, quality, procurement, finance and project execution, who have managed these responsibilities alongside our ongoing operations.

Establishing manufacturing capacity is one part of an investment. Bringing that capacity into commercial operations, qualifying it with customers, and achieving consistent production output is equally important. Our attention is now firmly directed towards these priorities. At Sangli, our global coil factory commenced manufacturing operations on 20th of October.

The date also marked 25 years since Quality Power commenced operations, its journey on Dussehra in 2001. It was a fitting occasion to bring our new manufacturing facility into operation, marking another stage in the company's industrial expansion. We have commenced winding operations on three machines, completed the first round of ISO audit and are preparing for final customer audits scheduled to start from the end of November.

With the commissioning phase substantially behind us, our priorities are centered on production stabilization, customer qualification, workforce productivity and capacity utilization. These investments expands into -- this investment expands our manufacturing infrastructure for high-

voltage reactors up to 1,050 kV and enables us to address larger and more technically demanding customer requirements.

In Turkey, our new PCS factory for BESS applications at Nigde has also commenced manufacturing operations. The facility is already operating in full manufacturing mode, with production activities aligned to customer projects. Billing may commence during the current quarter, subject to completion of contractual milestones and customer acceptance requirements.

With these two facilities entering operations, we have reached an important stage in our manufacturing investment program. The focus now moves from capacity creation to capacity utilization, operational efficiency and commercial execution. Moving to Win-Win Specialty Insulators, the development at Win-Win over the past 2 months deserves particular mention.

The team has successfully completed type tests in accordance with applicable American and European standards for porcelain insulators up to 400 kV within the last 2 months. At the same time, Win-Win has also secured orders for 800 kV HVDC porcelain insulators and also 765 kV AC and 400 kV AC applications from all the large Indian utilities and equipment manufacturers, including Power Grid.

These activities are significant in a business where technical qualification, manufacturing capability and customer acceptance are fundamental to securing orders. The response from customers has been encouraging and reinforces our assessment of the market opportunity for high-voltage porcelain insulators.

I would like to specifically acknowledge the engineering, testing, manufacturing and commercial teams at WS Insulators for achieving these milestones while acquisition process remains underway. We are now beginning the process of integrating the teams and aligning customer relationships, technical capabilities, and operational systems. Our approach is -- our approach will be to preserve the manufacturing strengths and customer relationships established at WS, while leveraging the broader market presence of Quality Power.

Let me address our capital raising plans through QIP. We are progressing with preparations for the proposed QIP and are targeting November, subject to regulatory approvals, market conditions, and other applicable requirements. Our capital allocation priorities are focused on four areas. First, completing the proposed acquisition of Winwin Specialty Insulators.

Second, support the expansion of manufacturing capacity and infrastructure at WS Insulators to address its growing product and customer requirement. Third, continuing investments in Quality Power capacities, especially for manufacturing and sales capacities in the US, including the infrastructure required to support both air-core and oil-filled reactor business.

And fourth, strengthening our working capital position to support the execution of larger customer orders across the group, which we expect in the next few quarters. As our order book expands, the associated requirements for procurement, inventory, manufacturing, and project execution also increase. Maintaining adequate working capital is therefore an integral part of managing this growth.

Our approach to capital allocation remains disciplined. Investments must be supported by business requirements, manufacturing capability, and clear understanding of execution priorities.

Coming to the demand environment and our order book, our consolidated order book for the first time crossed INR2,000 crores, excluding the order book of Winwin Specialty Insulators. We continue to witness demand across reactors, instrument transformers, insulators, power conversion equipment's, and FACTS equipment.

Investments in transmission infrastructure, HVDC, FACTS, renewable integration, grid stability, and energy storage continue to remain opportunities across our product portfolio. However, demand must be viewed alongside the realities of execution. The global supply chain for specialized electrical equipment remains constrained.

Geopolitical developments, changing trade conditions, logistics disruptions and extended procurement lead times are placing additional pressure on manufacturers and project schedules. For a business such as ours, involving engineered products, international sourcing and customer-specific manufacturing, these conditions require careful planning and coordination.

Our response is centered on strict procurement discipline, supplier diversification, manufacturing flexibility, and closer alignment between engineering, production, and customer delivery schedules. We also recognize that an expanding order book requires corresponding improvements in organizational capacity, manufacturing throughput and working capital efficiency.

Our operating priorities therefore remain consistent qualifying our new facilities, improve production output, integrate our businesses, maintain quality standards and execute customer commitments with financial discipline. Before I conclude, I would like to acknowledge our people once again.

Over the past several months, a substantial part of our organization has been engaged in bringing new manufacturing investments into operation, supporting regulatory and customer qualification, progressing the WS transaction, and meeting our existing delivery obligations. These activities have demanded considerable efforts across our teams in India and Turkey.

I would like to thank every employee and management team involved for their contribution. Over the last 25 years, Quality Power has developed its businesses through engineering capabilities, manufacturing investments and long-standing customer relationships. The investments we have made are intended to build on that foundation.

Our focus is now on translating the manufacturing infrastructure we have created into production output, disciplined execution, and financial performance. I will now hand over the call to Mr. Sanjog for the operational review. Thank you.

Sanjog Mhatre: Thank you, Mr. Bharanidharan Pandyan. Good afternoon to everybody. I would like to briefly update you on the operational activities at our Sangli facilities during this quarter. The past few months have involved several activities running in parallel, including customer inspections,

multiple quality and compliance audits, execution of existing orders and the transition of manufacturing activities to our new global coil factory.

Our production, quality, engineering, and maintenance teams have been managing these activities while continuing to support customer delivery requirements. I would like to acknowledge the efforts of our employees, particularly those on the shop floor, who have worked through these operational changes relentlessly.

With the commencement of production at the new factory, our attention is now on stabilizing manufacturing processes, improving material flow, and increasing production throughput. One of our operating principles is to improve output per employee through better production planning, standardization of processes, and more effective utilization of available manpower.

We are also examining revised productivity-linked incentive schemes that align employee earnings with measurable improvements in output, quality, and efficiency. In parallel, we are identifying areas where mechanization and automation can reduce manual intervention, improve process consistency and optimize manpower requirements. These measures are being considered across winding, material handling, and other repetitive manufacturing activities.

The scale of activities undertaken during this quarter has also highlighted the need for better coordination between departments, more disciplined production scheduling, and clearer allocation of resources. At Sangli, the immediate emphasis remains on improving productivity from the existing workforce, reducing process inefficiencies, maintaining quality standards, and ensuring that the new manufacturing infrastructure is utilized effectively.

I would like to thank our production, engineering, quality, and support teams for their contribution during this period. Thank you, and I hand it over to our CFO, Mr. Rajesh Jayaraman, please.

Rajesh Jayaraman: Thank you, Mr. Bharani and Mr. Sanjog. Good afternoon, everyone. I will briefly take you through the financial performance of Quality Power for second quarter and first half of financial year '27. For the quarter, our consolidated revenue from operations stood at INR285.45 crores, while profit after tax reached INR63.33 crore, representing a year-on-year growth of 80.10%.

Our financial performance reflects the business mix, operating efficiencies, and continued attention to cost management across the group. Our consolidated order book has crossed INR2,000 crores. With the commencement of manufacturing operations at our new facilities, our focus remains on financial discipline.

Working capital management, procurement planning, customer collections, and monitoring capital expenditure. We continue to review the financial performance of our subsidiaries, with particular attention to margins, inventory, receivables, and cash flow. As our operations expand, maintaining financial controls and ensuring accountability across business units remains central to our approach.

I would also like to take this opportunity to acknowledge the efforts of our finance, accounts, and secretarial teams. Over the past few months, that team have been working simultaneously

on the preferential issue, preparations for the QIP, due diligence relating to the Winwin acquisition, regulatory compliances, and the quarterly financial results.

These activities involve considerable coordination across departments, external advisers, and regulatory stakeholders. It has been a collective effort, and I would like to thank everyone involved for their contribution. I would also like to thank our statutory auditors and other audit teams for their continued engagement and support throughout these processes.

As we move ahead, our financial priorities remain consistent, disciplined capital allocation, cost control, working capital management, and focused execution. Thank you. We can now proceed to the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Manav Singhal, an Individual Investor. Please go ahead.

Manav Singhal: Hi. Thank you for the opportunity, and congratulations on a great set of numbers. So, as we understand, sir, that you are raising around INR700 crores via QIP, and you just mentioned the proceeds of these fundraise. But could you be more specific as to how much quantum will be utilized for each fundraise, and within capacity expansion as well, what will be the exact utilization of this money that will be raised?

Bharanidharan Pandyan: Good morning, Manav. So, out of the INR700 crores, about INR175 crores is for repaying the debt and the promoters of the company, WS. We are expanding in that organization another INR50 crores to INR70 crores to increase our capacity across porcelain and composite insulators.

We are also earmarking about INR300 crores for working capital requirements. We have large order pipeline coming in with our new facilities getting qualified in the next couple of months. We would see a huge input requirement from customers, and we've also reverse integrated in the cable manufacturing business, where we are making the HVDC CTC cables for our products.

Now, what that has meant is that the manufacturing timeline for a project was 2 months at vendor's works and another 2 months of credit. So that 4 months of extra working capital is going to go through all the projects where we are going to use our own cable. So, we see elongated working capital requirement. So, this is where the working capital is being envisaged and put in.

We believe in the next year or two where our profits are able to kick in and we are able to take this money out, we would use this for a drive -- cannon fodder for the next acquisition that we may have in the future. So, this is at this moment forecasting a demand of working capital, and then closing WS and adding more capacity.

We are also using a significant amount of money to set up, what we say, initially an office in the U.S., but also looking out to start a Class B level manufacturing in the U.S. for some of our product categories. This is something in a medium-term category, so we are also using this as a watch list going forward.

Manav Singhal: Understood. Thank you so much. I'll join back in the queue.

Moderator: Thank you. Next question is from the line of Viraj, an Individual Investor. Please go ahead.

Viraj: Hi. Thanks for the opportunity. And sir, first of all, congratulations on a great quarter. So, sir, last week, we saw GE Vernova acquiring Trench Group for around $9 billion, and we understand that Trench makes similar products like coils, reactors, bushings, and instrument transformers, and they're expected to do revenues of around $2 billion in CY28. So, how do you see this acquisition by GE Vernova positively impacting our business?

Bharanidharan Pandyan: Thank you, Viraj, for your research. So, Trench is our largest competitor. The Trench was started by Tony Trench in 1962 for air-core reactors, and my father started designing these equipments in 1972 in India.

The Trench had had a glorious history where they had in between ownership between private equity. Then Siemens recently owned them. They sold, if I'm not wrong, for about EUR400 million about 3 years back. And GE, I think bought them for about $9 billion plus all the liabilities involving all the factories in Europe. This also tells a lot about technologies.

Trench has three product lines. Coil products similar to what we do; then they have instrument transformers again, similar to what we do; bushings, which we are not there, but we are in insulators, and we have other kinds of bushing coming in that is capacitor bushings, GIS bushings; and fourth, we have power quality, which is FACTS and BESS systems, which they don't have.

So, this is also kind of an advantage where our technologies are being valued, what we say, in an international stage. And the moat what we have been talking about that we are one of the few people in the world to be able to deliver this has been put value to. Having said it, GE used to be a great customer. I am sure GE will buy from the cheapest version first, but this also gives us considerable leverage into Hitachi and Siemens, who control about 70% to 75% of the HVDC and FACTS business worldwide.

I believe the sourcing volume from Quality Power can go up drastically over the next 2, 3 years, primarily because nobody would like to buy from the competition if option is given. So, I would say in the short term, we will have some synergies coming with GE, but on the medium term, I think we will stand to gain a lot more from Hitachi and Siemens.

But apart from Hitachi, Siemens, we have relationship with companies across the world, but Hitachi, Siemens, and GE own about 90% of the world business on HVDC and FACTS, and 70%, 75% is the other two. So, I wouldn't say too much negative. I would just say that we have a lot of things to work with the other two for increasing our volumes.

Viraj: And thank you, sir. All the best for the future. Thank you.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Praveen from BOI Mutual Fund. Please go ahead.

Praveen: Yes. Hi, team. Firstly, congrats on a strong set of number. So, sir, just wanted to understand given the strong execution and the operating performance that we have seen in this quarter, how should we think about sustainability of these operating performance? And also, could you please also share your outlook or some kind of a guidance for FY27, that would really help us? Thanks.

Bharanidharan Pandyan: Good afternoon, Praveen. The guidance is still not changed at this moment. We normally change guidances in end of Q3. I believe we are halfway there. I think it's too early to start celebrating if you really ask me. Next quarter could be high in sales for us because it's Q4 for Endoks, but also a lot of BESS projects are being billed in, which means these are low-margin businesses. So, I believe from Quality Power and Mehru, we have good news with regards to revenue and profits.

We may have some subdued numbers because we are transitioning between factories and people between factories. So, I think Q3 would be kind of a tough time at Quality Power, but I still wouldn't see numbers going down much. Mehru, I believe, there can be a scope of improvement. Endoks, we could see a blockbuster year from revenue from the PCS factory. And once we are done with the Q3 and the new factories align itself, I think end of Q3, I think I would stand to revise my guidelines if everything goes as per plan.

Praveen: Got it. And also, sir, could you just give us a broad breakup on your order book? So, we have about INR2,000 crores of order book, right? So, how much is there from BESS? How much is there from Winwin insulator, you know? So, it will give us a some understanding how the new verticals are shaping up for us.

Bharanidharan Pandyan: So, I will split. In the investor presentation where we uploaded last night, I believe we have given a split of about five business divisions that we have right now. So, the coil products is Quality Power. Instrument transformers is Mehru. Then we have power electronic businesses under Endoks. And then we have insulator businesses under WS.

Quality Power, last year we did about INR220 crores, give and take, revenue. Our current order book is about INR600 crores. We anticipate anywhere between INR200 crores to INR500 crores of an order intake in the next few months. That is the kind of opportunities they're sitting on. So, that's one of the reasons why we are also trying to increase our working capital.

Mehru, I believe, are already at about INR600 crores plus. They did about INR315 crores give and take last year. I think they are already booked out. And a lot of tenders we are already L1. We have not taken the order into consideration primarily because the order has still not been awarded yet. So, we have already some more booking coming out of Mehru.

Power electronics, Endoks, we are at this moment stable. We have won a few projects. We are waiting for this quarter for the PCS shipment to start moving out. It's just about less than 25 days that that factory started moving. We put photographs from the factory in the investor presentation. Once we have some kind of stabilization at the factory, I think we can book more of the PCS, but that would happen somewhere Q4 this year or Q1 next year for them.

For insulators, in the last 2 months, I believe we have picked up orders for about INR75 crores. We are averaging about INR35 crores a month in order intake with WS. Our negotiation

pipeline, sounds more funny, is about INR1,000 crores. So, it's a fast-moving division where we are constrained by capacity already.

For the other accessories business, we are almost trying to move out of transformers. We have some transformer orders from Korea, something from FACTS businesses. But the accessory business, you wouldn't see as a volume because it's all inside factories. It's being sold to Mehru, Quality Power. It's more of an internal business for us at this moment.

Praveen: Okay. Great. Thank you, sir. That was helpful.

Bharanidharan Pandyan: Thank you, Praveen.

Moderator: Thank you. Next question is from the line of Ruchit Agrawal from Unifi Mutual Fund. Please go ahead.

Ruchit Agrawal: Yes. Hi. Thanks for the opportunity, and congrats on a great set of numbers. Just one question on the other expenses bit. We've seen the commencement of the new factory, but parallelly there's a sequential decline in the other expenses bit. If you can help separate out the forex component and help us understand how other expenses have moved, given that we're expanding into the new factory?

Rajesh Jayaraman: Yes. There are two components into it. Now, the applicable in Ind AS 29 was the working was less in this quarter. So, our expense come down. Secondly, in the last quarter, or maybe in the last previous quarter also, we had repairs and other things coming into the factory, considering into that factor. So, considering this quarter, this expense has come down. That's why the relatively, the other expenses have come down. Thank you.

Ruchit Agarwal: So, it's just the hyperinflation bit that's causing the decline, right? Is my understanding correct?

Rajesh Jayaraman: To a great extent, yes. To a great extent, yes.

Ruchit Agarwal: Got it. Thank you. That helps, sir, and wish you all the best.

Moderator: Thank you. Next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Yes, sir. Just a bit on the peak revenue potential now based on the capacities that you have put in place. If you could tell us for Mehru, Win-Win with the revised capex that you want to do of about INR75 crores, and the Endoks power electronics capacity that you have put. So, if you could tell us individually for these three, what is the peak revenue potential based on the capacities that you are having or putting in place by the planned capital expenditure?

Bharanidharan Pandyan: Very Good afternoon, sir. Happy to talk to you after a long time. With regards to Mehru, we do not have a capacity online yet. We have built a shed in Turkey. If you see our investor presentation, there are two sheds in Turkey. One is where we are making the PCS and for the BESS. The second shed is ready.

We have already manufactured the shed, but the demand in India is so high that we are looking at a factory in India itself at this moment because we see the demand being at least another two to three times. And especially because we are going also into 765 kV. The current capacity at this moment would be over by about INR500 crores in the current factory. I think in the next 3 to 6 months, you will hear us with a large capex plan for Mehru.

For WS, the current capacity is good enough to about INR300 crores. With the new capex coming in, I believe we should be doing about slightly north of INR500 crores. Endoks PCS factory, the capability is about 4 GW. That is what the planned capacity increases, of which 1 GW is what we've got the orders. I believe we have at least three, 3.5 times more revenue that can come up. I believe it can go about INR1,500 crores to INR2,000 crores, the kind of for the PCS BESS business.

Pritesh Chheda: Sir, you need to tell me the last line. So, that 4 GW is equal to INR1,500 crores?

Bharanidharan Pandyan: Yes, for the PCS and the BESS. Right now, a gigawatt for us is about a $60 million with the battery and the PCS. But what we say depends on how we don't want to intend to sell the battery, but with the PCS coming in more, we would be able to do about INR1,500 crores for give and take. So, this what we are aiming.

Pritesh Chheda: For 4 GW?

Bharanidharan Pandyan: Yes, for 4 GW. The current plant capacity is already 4 GW, yes.

Pritesh Chheda: Okay. And the incremental expansion and the coil factory that now which operational in India, is it operational now, or it is yet to be operational?

Bharanidharan Pandyan: Yes, sir. It's already operational. Winding is done. ISO audits are over. We are awaiting certification from ISO after Diwali before we call the customer audits. So, over the next 4, 5 months, you will slowly see revenues being shifted from A factory to B factory, the new one.

Pritesh Chheda: And what is the coil factory's peak revenue potential?

Bharanidharan Pandyan: It is north of INR1,500 crores, sir.

Pritesh Chheda: Okay. When will the Mehru's next round of capacity expansion come in place? Because I think that's the only place where you are putting up an additional capacity, right?

Bharanidharan Pandyan: Correct. So, Mehru, we are actually looking at renting a place close by their factory at this moment to at least stabilize the current order book because the order -- the number of tenders we are L1 is getting very, very large. And what we say, so with that, with a rented capacity, we may move in for another about 18 months, but we will go in for a new factory that will actually double the current capacity.

Pritesh Chheda: No, sir, you are not clear. So, what I understand right now is you are renting out a factory?

Bharanidharan Pandyan: We will rent out a facility for Mehru.

Pritesh Chheda: So, that doubling of the capacity is based on the renting out, or the doubling of the capacity is…

Bharanidharan Pandyan: No, sir. We are trying to rent out a current capacity to be able to take incrementally slightly more orders. However, to for a significant expansion, which is about 2x, we will need a new factory.

Pritesh Chheda: Okay. So, that's another 18 months away?

Bharanidharan Pandyan: That is, yes, sir. You would hear more about the capex program in the next 3 to 6 months once we finalize where we are putting the expansion.

Pritesh Chheda: Okay. Okay. My last question is on the Endoks power electronics, for that INR1,500 crores, what kind of capex was put in?

Bharanidharan Pandyan: Sir, we do spend a significant amount of our money in R&D. Almost before IPO, I saw the data was about 5% of our revenue, average of 3 years. And right now, we don't capitalize the R&D. We spend it as a part of P&L in India. So, we spent about $2 million in R&D between 2020 and 2025 developing the PCS converters, putting them into operation, then we qualify for the orders.

So, the new factory that came in, I think, came in at about $2.5 million, that's it. The land, we already have about 45 acres of land in Turkey, so the land cost was not a big botheration. The plant per se is not very expensive for power electronic or equipment manufacturing.

Pritesh Chheda: Okay. Thank you, sir. I'll come back if I have more questions, sir.

Bharanidharan Pandyan: Thank you, sir.

Moderator: Thank you. Next question is from the line of Abhijit Singh from Systematix. Please go ahead.

Abhijit Singh: Yes. Thank you for the opportunity, and good to see such strong results. Sir, one comment you made on the other expenses, could you quantify the hyperinflation entry that you have in this quarter and maybe the previous quarter and the base quarter? Which is impacting the other expenses, because the swing is uh quite substantial. And we have seen reduction in this quarter, which is quite heartening. Could you, I mean, I mean specify that particular entry? Quantify?

Bharanidharan Pandyan: Just 1 minute, Abhijit. Rajesh is looking at the data.

Abhijit Singh: Hello?

Bharanidharan Pandyan: A minute, Abhijit, we're just looking at the data.

Abhijit Singh: Okay, okay. Sure. And, sir, other question is on Winwin Insulators. So, you mentioned that we are doing somewhere around INR35 crores per month for the order inflow. How do we see the ramp-up for FY28 in terms of the revenues? What is a typical execution cycle for the insulation business?

Also, you mentioned in your PPT that you have type tested successfully the 400 kV porcelain. So, after type testing, what are the processes and what are the steps which will qualify us for a commercial order in the 400 kV category? So, just some views on that on the insulation business.

Bharanidharan Pandyan: So, on the ramp-up front, we have some very good news coming in. The factory earlier had fallen into trouble because of want of LPG gases. Now, we've got a new PNG pipeline coming in. Next Monday, we will get a cheaper gas coming in, flowing in through GAIL pipelines. So, that means that we can go ahead with a full level of production with the teams coming in over a period of next quarter or so.

We see the revenue at least guidance of about INR200 crores next year, based on the order book what we have and commitments to the customers. But that can be ramped up depending on how good we are able to synchronize and how fast we're able to synchronize. With regards to type tests, WS has one of a very unique designs in the world. It's The 'W' in WS starts stands for Westinghouse. It had an American technology for the last 60 years.

So, we are the only players I mean the second player in the world to have a two-part 765 kV design. I don't think there's no Indian or Asian vendors which is having it. And with the kind of ramp-up that US is having on the 765 kV grid, I think WS and the other one, if I'm not wrong, is PPC Insulators, these are the only two companies which can serve it. So, we are trying to push a lot more focus on that.

And also, the new act in US, which has come up recently in the last 2 months, where all Chinese equipment's are banned after 69 kV, that's a transmission category, which means that Europeans are already booked out. What we say, America does not have a capacity, and where we have the unique capability of being one in two to be able to deliver it with all the approvals in place.

So, we are trying to push that advantage over the next two quarters. We will translate it into orders in the American market at much higher margins, unlike other peers who white-label the insulators. We intend to go directly with our brand inside the US. It may take us some time to get a direct customer approval with our brand, but I think the pain will be worth the margins that we will make eventually. So, that is our plan on the insulators. Now, my colleague, Rajesh, will answer about your other question.

Rajesh Jayaraman: Yes. The hyperinflation for this first quarter was around INR8 crores debited to P&L. And in the second quarter, it was a profit of around INR4 crores. So, the net credit to P&L was INR4 crores as debit as loss.

Abhijit Singh: Okay. And, sir, for the insulation business, this would be executable over a period of 1 and 1/2 years, the order that we get for insulation? Similar array to whatever our existing business has?

Bharanidharan Pandyan: No, I think this this requirement has about 3 months to stabilize the factory. The factory is already started. The production is already out. We have started billing the customers. I believe about 3, 4 months later when is when you will see a lot of commercial invoices coming out of the factory. We are at this moment quoting between 6 and 9 months for insulators, as against the industry standard of about 18 months.

Abhijit Singh: Okay.

Bharanidharan Pandyan: And we are taking the delta on the profits, yes.

Abhijit Singh: Yes. And lastly, on the CTC magnetic wire facility, so are we have we commissioned that completely? Are we running at full capacity that we wanted to?

Bharanidharan Pandyan: No, Abhijit, it takes some time. It's a new product for us. The line, photographs we've already put in, the machines lines have come in. We have started trial, but I don't think we will use the cables immediately. We will need to qualify it with customers. We are giving ourselves about 4, 5 months on that project. Maybe Q4 this year is when you will hear us talk about it.

Right now, our focus is to start the winding and all the other operations with regards to reactors. Till then, we are operating out of vendor capacity, and slowly we move on to our own capacity.

Abhijit Singh: Understood, sir. Thank you for answering, and I'll get back in queue.

Bharanidharan Pandyan: Thank you, Abhijit.

Moderator: Thank you. Next question is from the line of Bhavya Shah from 3A Capital Services. Please go ahead.

Bhavya Shah: Hello, sir. Congratulations for the great set of results. My question is, like we have seen in recent year, insulator have shortage across the world. So, could you get to me some of the numbers, sir, what is the demand scenario, what is the supply scenario, and what kind of margins we can get in insulator business?

Bharanidharan Pandyan: So, insulator is the building block of any power equipment. Whether a transformer bushing also has to be made, you need either a composite or a porcelain. If you want to sell a switchgear, be it Hitachi, Siemens, GE, any of the people, you need a switchgear. You want to make a reactor, capacitor, you need a switchgear insulator.

You make an instrument transformer; you need a bushing. So, this without a insulator, you cannot make up a power system. Now, these factories are very large factories. Even if you see this, our current facility is about 50 acres. This is more like a cement factory rather than a transformer factory where you can build it up very fast.

So, there are very few vendors in the world. The largest has been accumulated by a private equity out of US. So, it's a lot of these insulator businesses have shut over the time, and I would say there are less than a dozen people across the world which can deliver. And all the capacities are full, and not much of capex is coming in. Even the capex which is coming is about 20%, 30%, 40%, where the demand is doubling at the transmission end of the things.

Whereas Quality Power, our focus is to be the 400 kV, 765 kV, and HVDC leaders. We do not want to participate in the low end of the business. We would be a pure-play transmission, AAA kind of class customers. We are talking to direct utilities in America, direct large transmission operators in India, and we are packaging the insulators as a part of our business.

Where the customer, if they need to get a delivery on the insulator, they will need to buy our instrument transformer and other product lines. So, we are able to use the demand of insulator not only by selling insulator, but also pushing through our other product lines.

So, that is something that is a unique in the insulator business where we are the only equipment manufacturer across the world who has an access to an insulator factory. So, now we do not sell to EPCs or operators just insulator unless they buy entire grid components from our end.

So, we are using our insulator as a leverage for us. At this moment, being in SEZ, when we come into India, we have about 8.25% duty. But in spite of that, I think the orders are being booked between 20% and 25% EBIT. If we didn't have to pay the duty, I think it would have been north of 30%. If we go into the US and successfully integrate in a year or year and a half, I believe our margin should be much higher. It'd be similar or higher than Quality Power, 40% and higher. I believe that demand can sustain for at least five to seven years.

Bhavya Shah: Okay. Got it. So, sir, my question is can you give me approx the number that for insulator business across the world, it is around USD5 billion demand is USD5 billion, and supply is USD3 billion? How that number works?

Bharanidharan Pandyan: So, I will talk only on the transmission category: 765 kV, HVDC, or 400 kV. I think in India, at that level, 765, HVDC, you have Aditya Birla Insulators, I think Modern, and us, three of us. With regards to global markets in the US, there is PPC and couple of others. I believe the current demand-supply is demand may be about four, supply may be about one. And no capacity is coming up, which means that today if you buy a switchgear or anything on 765 kV, the delivery is 18 months, not because of switchgear, because of the porcelain.

So, customers are willing to pay a premium to be able to get the delivery faster on the entire switchgear, not just the insulator. So, if the switchgear manufacturer has a tie-up with us, he gets to deliver his equipment faster. And we are not only supporting him on the switchgear. If he has to buy the insulator from us, we are pushing them to buy the instrument transformer and other components.

So, that is where, as a manufacturer, we are able to package an insulator much better at the transmission side of things. Because why we are not interested in the medium-voltage play is because we don't have equipments where we can package.

Bhavya Shah: Okay, got it. So, it is difficult to quantify that.

Bharanidharan Pandyan: In 765, just to give an idea, in 765, we are launching our instrument transformers in Q4 this year in Elecrama. So, when we are launching the newest 765 kV, as against competition, the way we are trying to push it is, if other EPCs want the insulator, you have to buy the instrument transformer. So, some of the new R&D products can be pushed faster with the advantage of leverage of insulator right now for us.

Bhavya Shah: Okay. So, it is difficult to quantify the market size of insulator, right?

Bharanidharan Pandyan: There's no peer-reviewed data, Bhavya. I cannot talk about it, but I can talk to you as a manufacturer. Today, even if I have to buy from China, it takes about six months.

Bhavya Shah: Okay. And my question is you are guiding that 20%, 25% EBIT margin, but Aditya Birla is doing 5% to 6% EBIT margin. Why this difference?

Bharanidharan Pandyan: I think you should ask the management of Aditya Birla, Bhavya, not me.

Bhavya Shah: Okay. Okay.

Bharanidharan Pandyan: But Quality Power Insulators is already doing much better.

Bhavya Shah: Yes, yes, yes. Got it. Got it. Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Malav Sanghvi, an individual investor. Please go ahead.

Malav Sanghvi: Good afternoon, sir. Congratulations on a great set of numbers. My question is, we understand that Winwin will formally become 100% subsidiary of Quality Power very soon. Now that we will have the capability to make insulators post the acquisition of Winwin, would it be reasonable to expect that we will also be making bushings in the near future?

Bharanidharan Pandyan: Never say never, Malav. I would rest it at that point. But I can already say that we are making capacitor bushings now, GIS bushings. GIS, we're already started delivering. Capacitors, we're working with a few vendors, global vendors, to be able to deliver. So, bushing does not mean only transformer bushing. Bushing is a very wide category. You have heard a lot more from the transformer guys because they're listed, but the unlisted GIS market or capacitor market still has the same problems. So, there is a huge market for bushings. We will be there both in composite and in porcelain.

Malav Sanghvi: Understood, sir. Thank you.

Moderator: Thank you. Next question is from the line of Shrenik Mehta from Indo Alps. Please go ahead.

Shrenik Mehta: Hi. I think most of my questions are answered. I just wanted to understand a little bit about the inventory. It has risen a lot this cycle. I think in the early part of the year, we were talking of normalized inventory, which was almost half of this level. On one side, we have a situation where the demand exceeds supply, and another side, we have inventory which shows up. So, just wanted to understand the insight behind it.

Bharanidharan Pandyan: So, the inventory is for, I would say, in three parts. One, before the PCS factory came in, we had to buy the chipsets, the IGBTs, and the memory cards. So, we had to stock on it before the factory came in. So, there was a lot of stocking in in Turkey, because you have to also see inventory as a part of total order book that is being executed.

So, inventory can be a percentage of an order book rather than just a inventory as a separate number. So, because Endoks had to take in the chipsets and IGBT, I think there's about INR20 crores of inventory coming in from Turkey. From Quality Power and Mehru, we have been

stocking up on insulators and bushings and whatever is a long lead-time item, because we have to also match quarterly numbers.

And in today's scenario, I would rather because where our if you look at our debt is almost close to zero. What we say, we would rather use our money into keeping inventory, which can deliver us profits, than what we say, be without inventory and get stocked out. I think out of the large number comes from Turkey, and I think it will slightly increase over the next few quarters as we take start taking more PCS orders. That's coming from there.

Shrenik Mehta: All right. Thank you.

Moderator: Thank you. Next question is from the line of Sandesh Shetty from HSBC. Please go ahead.

Sandesh Shetty: Thank you, sir, for the opportunity. My first question is on the order book, sir. What is the execution timeline for this INR2,000-crores order book, and how much of it is fixed price and like a variable price built-in?

Bharanidharan Pandyan: So, we've always guided that we would be happy between 15 and 18 months. I would say 95% plus of the order book would be between 15 and 18 months. That's where we are. Larger orders, we would start hearing between Q3, Q4 this year when it starts pouring in, once the capacities come in. With regards to what was the second question? Sorry, I forgot.

Sandesh Shetty: Sir, within the order book, what is the fixed-price contract and variable price?

Bharanidharan Pandyan: Almost, almost, everything I would say I would say close to 99% would be fixed-price contracts. We are lagging pricing, what we say. We normally based on the delivery timelines, we already keep a buffer based on how the copper and aluminium prices of that day are moving. So, that's normally fixed-price contracts. All our guidance are based on…

Sandesh Shetty: Hello? Yes, sir. You were mentioning about the fixed-price contracts, almost everything is fixed-price contracts?

Bharanidharan Pandyan: Yes, almost everything is fixed-price contracts. Nothing is variable. We have factored in our margins, and the guidance on the margins are based on what we have comfort levels with.

Sandesh Shetty: And, sir, one more question on the forex management. So, a significant part of revenue comes from international business. How do you manage the forex? What is hedging policy?

Bharanidharan Pandyan: So, we have a active tracking on -- in Turkey, everything is hedged. Nothing is left unhedged. In India, we have an active tracking. We normally do a plain vanilla option. We do not do anything what we say forwards. It's a plain vanilla option. It's kept in active tracking more than the last year, year and a half, where the rupee has been in pressure, we have not seen any advantages in securing our forex. We do not import much. Most of it is domestic content. But as and when the rupee starts strengthening, we will go back to covering our dollar. At this moment, we are not so worried about it, but we track everyday.

Sandesh Shetty: That's all from my side. Thank you, sir, and all the best.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Naman from Niveshaay Investments. Please go ahead.

Naman: Yes. Good afternoon, sir. Thank you so much for the opportunity. So, firstly, I wanted to understand specifically on the QPower, the new capex that you have announced in the existing INR25 crores. So, how much additional revenue you can generate from that facility?

Bharanidharan Pandyan: So, it will not be additional. We will be shifting all of our reactor manufacturing into that facility, consolidating all coil products into that facility. The current facility, we are keeping it open for either bringing in the PCS business or any of the group businesses that we get into. But we will have to keep both the factories on for at least a year at this moment, primarily because a lot of customer approvals are on that old factory.

So, as and when most customers start moving into a new facility, we will shut down the old facility. We will go for a revamp before we push in new products. So, the peak capacity, as I said, is not the INR1,500 crores from the facility.

Naman: Okay. So, it's for the facility shift only. Okay.

Bharanidharan Pandyan: But the current factory will be used for new products.

Naman: Okay. Got it, yes. Secondly, on the order book, specifically on the data centers, like in the previous quarter, we won the good orders for the data US data centers for the reactor. So, how is the bid pipeline over there, if you can explain more on that side?

Bharanidharan Pandyan: So, data centers we have again made it clear that out of five vertical business verticals, our coil products are exposed to the data center business. We have written where each of the companies deliver to, which markets, in our investor presentation. For the data center business, we have shaken hands with multiple customers in the US. They are awaiting their financial closure before giving in an LOA.

But also we have capacity constraints coming in already, because we have multiple FACTS orders that we are seeing coming in, some HVDC orders. Again, there have been two HVDC awards in India for Make in India, where we are expecting those orders. So, we are quite full at this moment. So, we are happy that the customer is slightly delaying the contracts till our facility confirms. But you will hear more about it in the next few quarters or few months.

Naman: Okay. Got it. And like you're mentioning that the more HVDC orders are coming in the domestic market, right? Means more orders are you are expecting on the domestic market specifically for the HVDC?

Bharanidharan Pandyan: In domestic market, we are the only option, so which means that anything that is Make in India comes to us. But we also have global HVDCs. We will be shipping an Australian 500 kV HVDC this quarter. We have also executed in Abu Dhabi, Korea. We are expecting some orders out of the UK HVDC link. US is a big market again coming in for HVDCs, so a lot more tender

pipeline going on. For HVDC, it's a bulk order where any order goes between INR100 crores and INR200 crores. So, when an HVDC order comes, you will have to plan the capacity, too.

Naman: Right. Yes, thank you so much, sir.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Rahul Maheshwary from Ambit Investment Advisors. Please go ahead.

Rahul Maheshwary: Yes. Good afternoon to the entire team. Excellent quarter in the tough times. Just one thing, as you mentioned that the QIP, which you have envisaged INR300 crores for working capital because you are witnessing good pipeline, can you highlight how big the pipeline you are looking for next 2 years?

Bharanidharan Pandyan: So, I've already spoken in the call about insulators, Rahul. Insulators, we are seeing a huge pipeline coming in, and insulator has a elongated working cycle. Same with the reactor, where I have just given a hint that we are expecting some large orders in the next few months. And the cable business is going to take us about 4 months of cash flow in manufacturing timelines, where we end the vendor credit periods.

Obviously, it will improve the margins, but initially you will see a working capital negative impact before it improves. So, we are foreseeing that, even in Mehru, we see that there can be a working capital issue going forward if we keep on expanding the order book. So, this is a pre-emptive that we are doing internally before what we say before we get into a trouble later because just because of order book. We see a huge pipeline there.

Rahul Maheshwary: Yes, I got that. I just wanted, apart from the order book, can you give tentative pipeline which you are looking to build for and where you have bit of confidence?

Bharanidharan Pandyan: I would say in the immediate future, you can see about INR500 crores to INR600 crores of reactor orders, about INR400 crores of instrument transformers, and another INR400 crores, INR500 crores of insulator orders, just to give an idea. So, we do not believe in debt, so this is something that we are already seeing, so we are planning.

Rahul Maheshwary: And just a second thing on the strategic opportunities which you have given in your presentation. How should we look at already the five segments which you have mentioned? Apart from this five segments, what are the one, two segments which can become a very big and can add to the going ahead to this existing five segments?

Bharanidharan Pandyan: I cannot say which of my five babies is the best baby. I believe all the babies are good enough. Each has an opportunity. I believe if you see, all the businesses we are in the transmission category, nothing is in distribution. Our focus is to fill the gaps. The call is always build versus buy, but at this moment we are focused on building in the next 6 months or a year before there's a lot of free cash that can be generated for buying.

Buying is always a part of good strategy. All good companies in the world buy. Just I think one of the Viraj spoke about GE buying Trench for that kind of valuation. Building is always cheaper than buying, but if you are getting something at a very good cost, I think we would not stay out. But at this moment, we are quite busy. In the next 6 months, 9 months, you wouldn't hear anything from us. At least we hope not.

Rahul Maheshwary: How is the Sukrut JV behaving? What kind of numbers have we delivered in quarter two?

Bharanidharan Pandyan: I think they have grown H1 was, I think, almost 40% growth over last year. They have been profitable. We are stabilizing the division. It's obviously a small division. The sales is managed through Yash. We are managing the operational portion of it. I believe it will give us a couple of years to deliver some good numbers out of it.

At this moment, we the biggest challenge was the entire team, which was so used to making losses for 10 years, to get them profitable month every month is a is a story by itself. Once we have done that for 6 months, our next focus is grow. I think decent growths have been achieved by them also.

Rahul Maheshwary: Yes. And just last question from mine, that in the current con-call, the GE had mentioned that despite a strong order book and etcetera., there is a bit of pricing pressure which they have witnessed. Are you witnessing in few of your categories such kind of thing, pricing pressure from the client?

Bharanidharan Pandyan: So, the story is like Hitachi, Siemens, GE are customers to us, but not only Indian customers. So, Hitachi, Siemens, or GE are for India, Made in India. So, their regulation says that they can sell in the Indian market and at mass in Asia, Afghanistan, Bangladesh, Sri Lanka, and some of the countries around us.

Whereas, we are not bound by that. So, if there's a pricing pressure in India, we would go to some parts of the world. So, we will sell to the highest-paying customer at that month. So, that is not, I would say, a problem to Indian origin manufacturers, because we do not have territorial allocation.

Rahul Maheshwary: Right. And apart from insulator, any component which is witnessing higher lead time or shortages too high?

Bharanidharan Pandyan: I would say if you speak to my all my customers, they call us Hormones Electricals, not Quality Power. So, everywhere we touch, it is a bottleneck that we go and sit on the bottleneck. So, so yes, every product what we are, I think we are the bottleneck.

Rahul Maheshwary: Got it. Best wishes, Mr. Pandyan. Thank you.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Uzair Lari from Aveksat Financial Advisory. Please go ahead.

Uzair Lari: Yes. Hi. Thanks for the opportunity, and congratulations on good set of numbers. So, sir, I just wanted to ask like going forward, what can be the margins from this PCS side of business?

Bharanidharan Pandyan: Sorry, sir, I couldn't hear properly, your last question.

Uzair Lari: Yes, am I audible now?

Bharanidharan Pandyan: Yes.

Uzair Lari: Sir, I just wanted to know, going forward, what sort of margins can we expect from this PCS side of business, power converter?

Bharanidharan Pandyan: Give us a quarter, sir. Let bill it through, and then I can give this number. We booked the PCS at about 10% to 12%. The battery was a pass-through. But I will have to really push it through the factory to be able to tell you. It's a new product, new factory. Give us some time. About a quarter, I think we will have the published numbers this quarter.

Uzair Lari: Okay. And for this PCS business, our main focus will be on the domestic side, or on the like we cater to international?

Bharanidharan Pandyan: We don't have anything on domestic. Anything on domestic, you would read about GR Infra's bank guarantee being encashed last quarter by a biggest NTPC. The regulations in India are not conducive for us to get into India. There are too much of contingent liabilities to be able to sell the BESS in India, where the guarantees and warranties goes for more than a decade. I believe the regulations in India need to change for us to deliver the product in India. For us, if India we bring the PCS, it will be from India to the world rather than for India at this moment.

Uzair Lari: Okay. And just one last question related to this Sangli plant. So, what I heard is like customer audit is remaining, right? So, can you share some timeline, like how much time does it take for the customer audit procedure to complete?

Bharanidharan Pandyan: So, we have got 60 audits, sir. 6-0 audits from different customers. So, let's say, Railway is one of the customer, Power Grid is one, Adani is one, you know, Sterlite is another. So, like that, let's say PG&E in America is a customer, ConEd is a customer. So, each customer has its own audit.

I believe the initial set of audits we have already said about 6 months is when, because there are about 60 audits, and each audit is about three or four people for two or three man-days. So, these are very rigorous audits through the factory.

Uzair Lari: So, like multiple audits can't be done at the same time, right, sir?

Bharanidharan Pandyan: No, we cannot do that. It's the same set of people, and you cannot handle it. We are doing our best, but I believe, I think, one or two audits a week is what we're attempting.

Uzair Lari: Okay. Understood. That's all from my side. Thank you, and all the best.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Darshil from Crown Capital. Please go ahead.

Darshil: Hello? Hi, good afternoon, sir. Thank you so much for taking my question, sir. Firstly, congratulations on a really great set of results, sir. Sir, a lot of my questions are answered. So just wanted to check about our margins that we see going forward. I think Q3, you indicated there might be some lower margins order, but in terms of absolute profits, that would be some increase. So, could we take 20% as the base-case margins that we're going to do in the coming few quarters?

Bharanidharan Pandyan: So, I believe I can talk to you as a group. Quality Power will be always higher than 25%. Mehru, they would have delivered 22%, 23%, if not for the copper and oil hit that has happened. Insulators, our orders are being booked at about 25%. Power electronics, our traditional business, even if you look at this quarter, they've got 25%, but the PCS, as I said, about 10% or 12%.

We're going to have a strong quarter this year because it's Q4 for Turkey, absolute numbers would increase. That's what my best guess is. From a percentage point, you may have some changes.

Darshil: Okay. That's really helpful, sir. And just wanted to know that like as we are not wanting to be very high on debt, so if a working capital of INR300 crores, what is the peak revenue potential that we can get from that, because we'll have to churn that that way only, right? So, if working capital becomes…

Bharanidharan Pandyan: It will be required for the first 2 years, Darshil. It will be required for the first 2 years where -- because the 4 months of the cable capacity that we will need to store 100, 200 tons of aluminum, some more of components. So, that is the first 2 years. But if you look at the margins and the growth guidelines, I think it will pay for itself, and this would be a free cash that will be available to us in about 24 to 36 months. So, all this money will be recouped back very fast.

Darshil: Okay. Fair enough. That's it from my side. Sir, all the best.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Prateek Shrivastava from Nivesh Wisdom. Please go ahead.

Prateek Shrivastava: Yes. Thank you for giving me this opportunity, and first of all sir, congratulations on a great set of numbers. Sir, my question is on the timing or the timeline of the order inflow. Sir, we see that from INR1,946 crores to we are close to around INR2,000 crores, right?

That implies like the order inflow in Q2 was INR350 crores against like INR770 crores in Q1. So, when can we expect, let's say, sir, acceleration of the order inflows, sir? Can we expect that in Q3? What timeline do you think would be more realistic?

Bharanidharan Pandyan: So, answer to the question is, we already jumped quite a bit. As I said, we would like all our orders to be between 15 and 18 months. These are all fixed-price contracts. If you are not able

to put across a capacity faster, then you will end up losing margins if you book on orders. At this moment, I think from the coil and instrument transform business, you will hear some good numbers in the next quarter. From the PCS, you would hear numbers from Q1 -- Q4 this year. That's how we look internally. You can track those numbers.

Prateek Shrivastava: Okay. And what about, sir, Barmer HVDC? Was this awarded? When will it enter in the book, sir?

Bharanidharan Pandyan: I think normally HVDC engineering takes about a year, year and a half. So, I would say not before Q2 next year.

Prateek Shrivastava: Okay. Got it. Okay, thank you, sir. And most of my questions are already answered. Thank you, and congratulations once more time.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Jainam Doshi from Kriis PMS. Please go ahead.

Jainam Doshi: Good afternoon, sir. Congratulations on a great set of results. The new order which Winwin has secured like pertaining to the 800 kV HVDC porcelain insulators, so whether Winwin has earlier supplied such voltage class insulators, or is it the first commercial order secured at this voltage? And also, if you can give a sense on the size of such order secured, and the customer from whom which we have secured this, if possible.

Bharanidharan Pandyan: I cannot audit the customer, Jainam, but WS is a 70-year-old company. It has supplied multiple HVDCs in the country. So, we have a legacy. Actually, in Vizag, where we make it, the Vizag HVDC is being supplied by WS, and it has commissioned 25 years ago, and successfully operated without failures.

So, this is the background of the company and the technology what we have, so this is not something new R&D. But to after the ownership change from WS to Winwin to us, getting it before Quality Power brand is put in is something, I would say, it's an achievement by itself. It's also showing that the customer trusts us to deliver an 800 kV HVDC from that factory.

Once we commission it, we can get more HVDC opportunities across the world. Because as I say again, we package just not insulators, we package reactors, instrument transformers, voltage dividers, medium-voltage transformers, all together as a package, and not just sell insulator separately.

Jainam Doshi: Understood. Also, sir, once the CTC manufacturing plant is fully integrated, so what is the expected improvement in the gross margins we are targeting from it?

Bharanidharan Pandyan: I think we'll be more expensive than the vendors who are making it, so this is from a perspective of energy security. But I think we may save at least 8% in import duty for the domestic business.

Jainam Doshi: Got it. Fair enough. That's it from my side. Wishing you and your team a very happy Diwali. Thank you, sir, yes.

Bharanidharan Pandyan: Thank you, Jainam.

Moderator: Thank you. Next question is from the line of Chirag from Sol Capital. Please go ahead.

Chirag: Hello. Sir, I wanted to ask you on this standalone margins. I find that your standalone material cost has gone up from 35% to 45% in Q2. And somewhere you mentioned that the copper prices have also shot up. So, is it that that you are not able to pass on the rise in the prices to the customer, or is there some change in the product mix?

Bharanidharan Pandyan: Chirag, this was already indicated in my first quarter earnings call, that that margin was not sustainable, because this had some shipment of Q4 last year coming in, plus some drawbacks that we got from our vendors. So, that was not a margin that has to be decided, A. B, plus also aluminum price rose quite significantly, along with resin prices.

Resin is a petrochemical product, along with paints. So, I think this was expected. The guidance was about 25%, and I'm and I'm happy that my organization teams were able to deliver much higher than that. So, we cannot pass on. These are fixed-price contracts. But the new contracts are signed at higher prices. So, if the prices of these raw materials or oil falls after a few months, we would stick to the same old prices. The customer does not negotiate after that.

Chirag: Okay. Then coming to the minority stakes, we find that in Q2 two-thirds of the profit is coming from Endoks and Mehru. And you hold only 51% stake in each of them. So, is there any plan to raise your stake in in these companies?

Bharanidharan Pandyan: So, for Mehru, we have a put and call option after 7 years. With Endoks, we can do it, but I would say that at this moment, it's a capital misallocation, primarily because we have for 1% royalty bring the same technologies to India. And for the money that we need to pay the remaining 49%, I would say we could get another three or four Mehru kind of companies.

So, I would say there is we are a technology player, we've got an access to technology. We have the product range that is available to the customer under our brand. If we need to make it at a 1% royalty, I don't think anything more than that is required from there at this moment. With Mehru, yes, we definitely have a put and call option coming forward.

Chirag: Okay. And then last question, coming to the QIP timing, when do you foresee that QIP, in Q3 or Q4?

Bharanidharan Pandyan: So, we are waiting so we are waiting for the pref to complete. The pref have to get listed. The EGM was done. The pref listing is expected sometime this week before we open the QIP, but being a holiday season, I think if all the regulatory approvals come in time and everything is in order, I think around November 15th to 30th is what we are targeting. Again, market remaining what we say.

Chirag: Okay. Thank you.

Bharanidharan Pandyan: Thank you.

Moderator: Thank you. Next question is from the line of Jimeet from Wealthmine Advisory. Please go ahead.

Jimeet: Hello. Am I audible, sir?

Bharanidharan Pandyan: Yes.

Jimeet: Yes. So, thank you for providing me this opportunity, and congratulations on the great set of numbers. I just had two questions regarding your growth outlook post FY '27 in FY '28 and the medium-term added. So, what could the revenue margins and EBITDA margins could we expect going forward?

Bharanidharan Pandyan: At this moment, we have guided that stable margins for us is about 25%. You would see a lot more depreciation coming in because we've got two new factories which got commissioned this quarter. With regards to next year, we have given a public guidance that we intend to grow at least around 50%, 5-0.

Jimeet: 5-0, 50% for FY '28?

Bharanidharan Pandyan: Yes, that's where the plan comes in.

Jimeet: Okay, sir. And this again question was regarding the ongoing capacity expansion, what is the estimated peak revenue potential or the cumulative potential from as and when the current capex is fully operational and what is the timeline to achieve that peak utilization, if you could say?

Bharanidharan Pandyan: I would say factory's peak utilization don't come overnight. It takes a lot of people. None of our products are made by machinery, everything is handmade. So, before a reactor goes out of the factory, right from the supply chain, the cable, the painting, the winding, the assembly, I would say at least 400 people touch the equipment. And there is no automation for this, so this is so it's not like a 4 GW, I have to make it so you can buy a machinery which produces 4 GW, like solar panels or batteries.

Here, to produce 4 GW, I will have to get at least 400 people trained over a period of 3 or 4 years. So, it takes time to stabilize. I would say, please track the guidance that we have given every year. As soon as we get more what we say, trust on our own operations where we are able to scale both our supply chain and productivity, we will give a guidance every year. At this moment, our growth targets are 50% next year. That's where the targets are.

Jimeet: Could be sustainable post '28 also? Post fiscal '28?

Bharanidharan Pandyan: In divisions, yes. Say the coil division would still have capacity to go in. The insulator division capex would be over. I think they could do it. I think the PCS division can do it, but I think Mehru cannot do it. So, I would say this is not like a one product, one location. We have 11 operational facilities, so we will have to talk division-wise after FY '28, and the guidance will be given accordingly.

So, for the next 2, 3 years, I think Sangli and Turkey have enough capacities. Delhi does not have capacity. Pune does not have capacity. So, those capexes will come in. Fortunately, we sit

on a large piece of landholdings now in Vizag, where we have about 40 acres free. And in Turkey also, we have about 40 acres, so land is not a big worry at this moment.

Jimeet: Okay, sir. Sure. Congratulations on, again. That's it from my side.

Moderator: Thank you. That was the last question for today. I now hand the conference over to the management for closing comments.

Bharanidharan Pandyan: Thank you, everybody, for asking us and grilling the management properly across all questions. Thank you for all the enthusiastic participation. I wish all of you a very happy festive season and good times with your family. Thank you.

Moderator: Thank you. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.