

19th November 2025

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

NSE Symbol: QPOWER

ISIN: INE0SII01026

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

BSE Scrip Code: 544367

Dear Sir/ Ma'am,

Subject: - Submission of the Transcript of Q2 FY26 Earnings Conference Call held on 13th November 2025.

Pursuant to Regulation 30 and 46(2)(a) 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 FY26 Earnings Conference Call that was organized with the Analysts/Investors on Thursday, November 13, 2025 at 12.30 P.M. (IST) on Unaudited Standalone and Consolidated Financial Results of the Company for the second quarter ended September 30, 2025.

The aforementioned transcript of the 'Q2 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 and Compliance Officer
ICSI Membership No.: A27641



“Quality Power Electrical Equipments Limited
Q2 FY26 Earnings Conference Call”

November 13, 2025



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

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

Moderator: Ladies and gentlemen, good day and welcome to the Quality Power Electrical Equipments Limited Q2 FY26 Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions, and expectations of the company as on date of this call. These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant line 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 this conference call, please signal an operator by pressing star, then zero on your touchtone phone.

I now hand the conference over to Mr. Siddarth Bhamre from Asit C. Mehta Investment. Thank you and over to you, sir.

Siddarth Bhamre: Thank you. Good afternoon, everyone. Thank you for joining Q2 FY26 Earnings Call of Quality Power Electrical Equipments Limited. I would like to thank management of Quality Power to give this opportunity to Asit C. Mehta Investment Intermediates Limited, a Pantomath group of companies, to host this call.

Quality Power's revenue growth demonstrates healthy growth momentum and to dwell more on the results, I am pleased to invite companies' management. Today, we have with us Chief Financial Officer, Mr. Rajesh Jayaraman; Chief Business Officer, Mr. Sanjog Mhatre; Senior Vice President Finance Mrs. Sarika Jadhav and Joint Managing Director Mr. Bharanidharan Pandyan. Over to you, Bharani.

Bharanidharan Pandyan: Thank you, Siddarth, and good afternoon, ladies and gentlemen. Thank you for joining us for the Q2 and H1 financial year 2026 results call. The high-voltage electrical equipment industry continues to experience strong sustained demand across global markets, driven by the energy transition, renewable energy integration, and grid modernization. These structural tailwinds are creating a multi-year opportunity cycle, and Quality Power is well-positioned at the core of the transformation.

At the same time, we are operating in an environment marked by supply chain constraints. The industry is witnessing delays in critical inputs. HVDC magnet wires now require BIS license, which has slowed import approval since the Indian capacity is already booked out for the next year, while insulators and bushings remain tight in global supply. Despite these challenges, our teams have delivered with remarkable precision and consistency.

I want to place on record my appreciation for the agility and commitment in ensuring customer deliveries and project continuity. In Q2, we achieved consolidated total revenues of INR 218.9 crores, representing 112% growth year-on-year, and maintained strong profitability with a consolidated EBITDA margins of about 22.5%.

While short-term supply disruptions may influence quarterly trends, we remain fully confident and committed of achieving our annual guidance and growth sustainably.

Our order book stands at around INR 830 crores, maintained with discipline to protect margins and execution quality. We are seeing a very strong quotation pipeline across utilities, renewable developers, data centers, and industrial users, reflecting the growing global preference for our technology.

We are now entering a phase of major capacity enhancement and technology expansion designed to make Quality Power not only one of the largest, but also one of the most advanced manufacturers in our segment. Mehru continues its strong growth momentum, and with the new lines being commissioned, is on track to become both the largest and most cost-competitive producer in its category.

In short, we are navigating short-term challenges with resilience, while building long-term strength through technology, scale, and operational excellence. I thank our employees, partners, and investors for your continued trust and belief in our journey. I now invite our Chief Business Officer, Mr. Sanjog Mhatre, to speak about our business outlook. Thank you. Jai Hind.

Sanjog Mhatre:

Thank you, Mr. Bharanidharan Pandyan. Good afternoon, ladies and gentlemen. It's a pleasure communicating with you this wonderful afternoon. Our order book remains strong, and so does our tender pipeline across companies and geographies, providing solid visibility across all of our major business lines.

The demand environment for high-voltage equipment continues to be extremely robust, particularly from utilities investing in transmission expansion, grid strengthening, and renewable integration. During the quarter, we achieved historic order wins in the HVDC segment, including high-voltage smoothing reactors from Rihand-Dadri LCC HVDC project, which is one of India's most critical transmission corridors, and converter reactors for a VSC HVDC project in a G20 nation.

These represent landmark achievements and reaffirm our global engineering capability. We also secured multiple orders globally for STATCOM and FACTS applications, further strengthening our leadership in power quality systems. On the GIS front, we have entered into a strategic partnership with Hyosung to bring gas insulated instrument transformer technology to India. This partnership positions Mehru at the forefront of the fast-growing GIS market as utilities and industries transition from AIS to GIS substations for enhanced reliability and compactness.

This collaboration also presents significant global export opportunities as we evolve into a key technology provider in this space. Internationally, we secured large FACTS orders in Sweden for a steel facilities grid stabilization project, a strong endorsement of our technological expertise and European market presence. We continue to receive encouraging traction from the U.S. market despite the tariff pressures.

While global component availability remains challenging, considering the geopolitical sensitivities that are ongoing, our teams have managed planning and execution with exceptional agility and focus. The immediate elections after Diwali and the Chhath Pujas have also meant the suppliers have had little issues with labor, which again may impact supply chain this quarter. We are doing our best to ensure the same is minimized to our best efforts.

Looking ahead, we remain optimistic. The pipeline across HVDC, FACTS, GIS and high-voltage utility products continues to expand, supported by the global energy transition wave, the accelerating grid investments. With disciplined execution, technology depth and a strong balance sheet, Quality Power is well positioned to capture the next phase of global growth.

Thank you, and over to you, our CFO, Mr. Rajesh Jayaraman, please.

Rajesh Jayaraman:

Thank you, Sanjog. Good afternoon, everyone. I would like to present a concise summary of our financial results for the second quarter and first half of financial year 2026. For the quarter, consolidated revenue stood at INR 218.9 crores, a growth of 112% year-on-year and 13% sequentially. Growth has been broad-based across FACTS, HVDC and high-voltage power quality segments, supported by strong international demand and disciplined execution.

EBITDA stood at INR 49.4 crores, up over 200% year-on-year with margins at 22.5%, reflecting healthy operating leverage and cost efficiency. PBT was INR 44.3 crores and PAT stood at INR 35.2 crores, maintaining profitability in line with expectations. In the first half, revenue reached INR 413 crores, up 126% year-on-year with EBITDA at INR 97.7 crores, a 67% rise and gross margin maintained at 40%.

What is encouraging is that we have already exceeded last year's total revenue within the first 6 months of financial year 2026. Mehru has delivered a significant improvement in operational margins this quarter to about 12%, driven by higher capacity utilization, product mix optimization and operational discipline. With new capacities and global orders, we expect further strengthening in both volume and profitability.

Across the group, we are consciously investing in manpower, systems and infrastructure to prepare for next phase of growth. While these initiatives have a short-term impact on margins, they are strategic investments aimed at building scale, enhancing automation and pursuing us for sustained performance in the coming years. On the inorganic front, our plans remain firmly on track.

We are extremely disciplined on valuation and return of capital, ensuring every opportunity aligns with our long-term shareholder value approach. With private market valuations in India running high, we are also actively evaluating global opportunities that align with the philosophy of technological depth, cultural fit, and prudent valuation.

We hope to share positive developments on this front soon. Our order book stands at INR 830 crores, providing clear revenue visibility and our guidance for the year remains on track. With a strong balance sheet, prudent capital allocation and disciplined execution, Quality Power is well-positioned for the next phase of growth and value creation. Thank you. Now I open the floor for discussion.

Moderator:

Thank you very much, sir. We will now begin with the question and answer session. Our first question come from the line of Sudarshan Padmanabhan. Please go ahead, sir.

Sudarshan Padmanabhan:

Yes. Thank you for taking my question. Sir, my question is to understand a little bit more on Mehru's profitability. How is it being delivered and how do we see the profitability there? You

know second is, we have this arrangement with Hyosung, for the you know gas insulated switch. So when do we see the start of the sales on that side and how do we see the margins in GIS?

Bharanidharan Pandyan: Sudarshan, I'm sorry, your voice was very low. However, what I'm given to understand is you're looking to the margin profile of Mehru improvement and the markets of GIS. So coming from the product itself, I believe, has a lot of scope for margin improvement at high voltage segment, especially at 220 kV and above, considering the lack of competition not only in India globally.

We are currently constrained by capacity rather than the order book at that division, and our order book there is in excess of INR 375 crores as on date. The GIS and the global markets are some of the product mixes we are trying to introduce to be able to leap up the value chain of the company. The GIS is between INR 200 crores to INR 300 crores import substitution product, which is currently being developed by Mehru in collaboration with Hyosung.

The plant has already been audited. We believe that globally the markets are between INR 2,000 crores to INR 3,000 crores for this product, again with less than half a dozen competitors outside of China. So, this, along with some of the international orders that we even won a couple of weeks back in Denmark, for the grids in Denmark, where the prices are far better than the domestic markets and with the changing order book, we remain positive on the outlook of Mehru's margin expansion. The order book expansion is already constrained by capacity at this moment.

Sudarshan Padmanabhan: Sure, sir. And when do we expect the commercial supply to start? I mean, that should happen in the next couple of quarters on the GIS side?

Bharanidharan Pandyan: These are R&D products, Sudarshan, cannot we have like a D-day because it's a development story. We are going ahead with a 220, 400 and 765 kV level of development. We have stages internally. We have guided the market by a year. We should be able to have a commercial product on the market. If there is something sooner, we shall let the community know.

Sudarshan Padmanabhan: Sure, sir. And, sir with the scale-up happening on Mehru as well as the newer divisions, how do you see the working capital for the next year, the next two year to three years, not necessarily in the next near term?

Rajesh Jayaraman : Yes, we are generating good profit when we are self-sufficient. So I don't see at the moment any incremental working capital at the moment.

Bharanidharan Pandyan: I would also like to add, Sudarshan that we are already sitting out of cash in all the companies. There can be a little bit of working capital challenges at the divisional level, but as a group, we are sitting on excess of INR 200 crores of cash. So, we are almost zero debt when you look at the net debt.

Sudarshan Padmanabhan: Sure. No, I understand that, but I was just trying to understand, if we generate more cash, we will obviously deploy that cash into the business. So working capital days in that sense, I mean, how would it move? And if we are able to curtail it, obviously the growth, I mean, given that there is a huge demand, we can keep investing into the business as we see a long runway, of course. That was the thought process.

- Rajesh Jayaraman:** And with Sudarshan, the working capital will remain more or less the same only. So it is stable only constant. So, no change.
- Sudarshan Padmanabhan:** Sure, thanks a lot. Yes, I'll join back.
- Moderator:** Thank you so much. Our next question comes from the line of Nemish Sundar from Elara Capital. Please go ahead, sir.
- Nemish Sundar:** Yes. Hi, sir. Thank you for the opportunity and congrats on a very strong set of results for this quarter. Sir, just wanted to know, could you give the revenue and the PAT split for the Quality Power, Endoks and Mehru? And the order book also, if possible?
- Bharanidharan Pandyan:** I think, I don't have the exact numbers, but I think the Mehru is in slightly excess of INR 375 crores. Quality Power is, if I'm not wrong, around INR 285 crores or INR 290 crores. And the rest would be Endoks. In the next few quarters, we will also be consolidating Sukrut.
- Nemish Sundar:** This is just for the order book, right, sir?
- Bharanidharan Pandyan:** This is for the order book.
- Nemish Sundar:** Okay. And the revenue, if possible?
- Bharanidharan Pandyan:** The revenue, I think if you look at the individual revenue of Quality Power, it is already stated in the balance sheet. My colleague, Sarika, can you please just check?
- Sarika Jadhav:** Our revenue for the six months ended is INR 92 crores for the standalone parent company. Sir our Mehru's revenue is INR 78 crores for the quarter and our Endoks revenue is INR 73 crores for the quarter.
- Nemish Sundar:** Okay. Thank you. And could you highlight the order pipeline for the remaining half of year, you're expecting any major orders in the second half of the year? Like Q1 and Q2 have been strong, so any more orders can be rushed out of there?
- Bharanidharan Pandyan:** The fourth pipeline is very strong across all the divisions. It depends on the region which they are bidding the order flow will go in. In India, we see normally most of the orders coming in for the first quarter of April. In the European market, it is normally the third quarter. And in the US market, it is normally the first quarter again, January quarter in the US market. So, we do not have a problem at this moment that a core profile where we do not seem confident. So, we will be exceedingly taking more orders.
- Nemish Sundar:** Okay. Thanks, sir. And all the best.
- Moderator:** Thank you, sir. Our next question comes from Sanjaya Satapathy from Ampersand Capital. Please go ahead.
- Sanjaya Satapathy:** Sir, is it possible for you to give some kind of guidance in terms of short and medium term revenues? And you mentioned something about some margin pressure and in the near term due to supply chain issues and capacity expansion. But at the same time, you are doing a lot of this

backward integration. If you can just give us a flavor as to what kind of cost initiative that you can take? These are the two questions that I have?

Bharanidharan Pandyan: On the long-term or what is the short and medium-term, we have already guided the market to between INR 700 crores to INR 800 crores in revenue and about 20% in margins. If you look at the current revenue statements, we are about INR 413 crores six months. So, we can see that the guidance is there.

The margins are also at excess of 20%. So, we do not see a problem that way. What we are just guiding the market is that the Chhath Puja holidays may impact some of the local supply chain at our vendor profile, which is guiding to the market, but we do not see any alarming positions at any point.

Our Turkish subsidiaries are not impacted by that, neither some of our other ventures that are coming in. Given on the product profile, if you go to the earnings presentation that we have uploaded today morning on the website, we have given a comprehensive technology overview company, guiding you what all product segments that we are operating in and what all technology segments we are operating in.

It gives you a highlight that we are just not HVDC or a FACTS player. We also operate in HV, median and also the GIS market. So some of the reasons why we are also venturing on the backward integration is because of scale at which we are coming in next year with the new facilities. It is more than 9x of our current capacity.

We are trying to ensure that we are not relying fully on outward supply chain. So, that is the only reason why we are doing. We have also added more than 140 or 150 people in the last quarter, to be able to what we say, ramp-up and train them for when we shift to the new facilities. These are some small incremental costs. As our revenue starts going up, I think this would get stabilized. So, at this moment, we do not see a problem with the margin guidance of about 20%.

Our current guidance is between 700 and 800. If we decide to surprise, we will let you know in the third quarter. And guidance after that, we should be able to give you some good pictures in the third quarter presentation, once we have a steady order book. Our order pipeline is quite heavy on the tender pipe. And most of the things are around that December, January phase. And that is when we can give you better guidance for the next year.

Sanjaya Satapathy: Understood. Thanks a lot, sir. And you are not looking to revise your revenue guidance of INR 800 crores, considering that you have already done a huge first half?

Bharanidharan Pandyan: At this moment, we are fixed. As I said, Q3 will tell you where we are exactly. Because we would like to stick to our guidance, whatever is given. And our first focus is to ensure we execute that guidance before we surprise the market.

Sanjaya Satapathy: Got it. Thank you, sir.

Moderator: Thank you. Our next question comes from the line of Abhijeet Singh from Systematix. Please go ahead.

Abhijeet Singh: Thank you for the opportunity, sir. And good to see such great results. Also very, very strong recovery in earnings margin. Very positive.

Sir, so first question is on Mehru's margin profile. Now, we have done an exceptional job moving from 8.2 to 9.5 in Q1 and 12 in this quarter, as far as the EBITDA margin is concerned. And, sir, you mentioned that this is partly due to higher capacity utilization, improved mix and operational efficiency.

Now sir going forward, in subsequent quarters, how do we see the margin profile for Mehru? And what are the key factors that would drive it? Because as far as I understand, you are already running at about peak capacity utilization levels for Mehru. Now, we are expanding, we are putting in cost, fixed cost also. So how will Mehru margin look from here, from the range of 12%? That's my first question?

Rajesh Jayaraman: Yes, every month our capacity is increasing. Order book is also increasing. And it is going up and increasing. So the margin should be around 15%.

Bharanidharan Pandyan: Abhijeet, I would like to add that the guidance given for Mehru, at least the internal target, what we have is to bring them to the 15% level before we scale up to the next level. The next year guidance will be focused on how much of GIS that we are able to pull through the system and the export markets. The export markets take time. We had gotten to Israel far easier in the first quarter.

In the last quarter, we got into markets like Denmark. And Denmark is one of the Western European markets, very tough to get in and still we are able to pull through. We are also expecting some FACTS and HVDC-related orders even for Mehru. We are also developing some products like surge capacitors for GIS. Again, a new product portfolio. If you can see the portfolio matrix in this presentation, it gives you an idea of what we are working on and what would give us a future. And the current focus is to bring them to the 15%.

Abhijeet Singh: Understood, sir. And sir, I mean, just repeating the previous participant's query on this commercialization of GIS instrument, transform a business. Sir, I could not get to part, like, do we expect that to commercialize by Q2 FY27? Is that what you said?

Bharanidharan Pandyan: Our guidance was when we had signed the collaboration is that we try to bring the product within one year, what we say for the product profile. Now, once we bring the product, the product is normally, it has to pass all the tests and qualifications and then we go to the market. Now, the market acceptability and the speed at which it is able to accept it would actually be a variable here.

But Hyosung is a \$17 billion conglomerate. They are one of the largest GIS manufacturers in the world. Including in India, they have a lion share of the market. We are trying to piggyback on their market share to be able to ensure that the customer is receiving the product faster rather than putting hurdles on the incoming barriers. And the make in India would help us, what we say, push it through in the Indian context, at least.

Abhijeet Singh: Right. So, sir, is it that we are first trying to penetrate into the domestic market for GIS instrument transformers? And then subsequently, maybe we would look to, for international geographies as well. Is that the strategy, like, at least for the start?

Bharanidharan Pandyan: It is quite funny, but normally when you develop a high voltage electrical equipment, you don't run to India. Because India, the regulatory parameters and the mode of the utilities is so large that it would take us a few years to even get into a 220 kV or a 400 kV level. And what we are trying to develop is a 765 kV.

So, what we intend to do is, we try to first smuggle ourselves into Africa, then LATAM, and then get into some places in Europe before coming to India. But in this case, GIS is also bought a lot by industries now. Because GIS technology reduces the footprint of a substation by five times.

And as more and more substations are coming up, or because of the power, you can generate more power, but you cannot generate more space in urban centers or in a lot of other locations, even fraction. That is where the GIS is coming in, and there the mode is much lower. So, when you bring a high voltage product, you have to be very careful on mode. Hyosung being a global company, we would also look at some global opportunities initially before we actually go into, say, utilities like Power Grid.

Moderator: Thank you, sir. Our next question comes from the line of Akshay from AK Investment. Please go ahead.

Akshay: Yes. Okay, sir. My first question is that you have already given the guidance of INR 750 crores to INR 800 crores for this financial year. So, for the long term, over the next four to five years, what should be the sustainable top-line growth rate we can expect as an investor, and what is the EBITDA margins that we should expect over the next four to five years?

Sanjog Mhatre: Thank you, Mr. Akshay. The EBITDA margins should be to the range of 20%. The higher terms have not been indicated yet. We'll come back to you on that part after the due considerations. Thank you.

Akshay: Okay, sir.

Bharanidharan Pandyan: Akshay, I would like to add that when we give a guidance, we would like to get orders in hand and availability of orders in hand. I believe as an investor, thank you as an anchor to supporting us. We should be able to give a kind of guidance in the Q4 of this year. Once we have the through orders and the clearances, and we see a visibility, we would like to always stick to our guidance. That's the discipline we would like to start the relationship with the market.

Akshay: Yes, fair enough, sir. And, sir, my second question is currently we have an order book of around INR 830 crores. So what is our current order pipeline over all our subsidiaries? And what are the order inflows we are expecting over the next one to two years? As we are saying that we have a very huge market and we are anticipating very strong demand for all our products?

Bharanidharan Pandyan: So, Akshay, the demand for the electrical equipments is very high, but also the delivery of the electrical equipments. So when you start opening up the floodgates of our order, you end up in LDs, like what my colleagues in Nehru did in the recent past. They lost more than INR 2.5 crores in one single order in LDs, because most of the high voltage substations are eventually owned by large utilities.

And there are penalties on late deliveries, apart from blacklisting if you end up after a certain more time. So, we need to be very careful when we are opening up the floodgate of orders. Opening up a floodgate of orders is normally not so difficult. A couple of percentage points in margin, if you reduce the cost, you would typically get a lot more volume than we are already getting in.

As I said, we would like our order book not more than a year's time. Most of our orders are fixed cost orders. We do not want to take a much longer term where our margins are; A, under pressure; and B, our supply chain is also at a risk. So by Q4, once we have closed our order and positions for the next year, we will give you guidance for the next year. That's why we are holding on to the guidance, but we see aggressive growth going there. That's why we are building the facilities.

Akshay: Okay, sir. Thank you so much, sir, and all the best for the future.

Moderator: Thank you, sir. Our next question comes from the line of Viraj Mahadevia from Moneygrow India. Please go ahead.

Viraj Mahadevia: Hi, sir. Very excited about your company's performance and the future journey ahead. A couple of quick questions, when you refer to the 20% margin, are you referring to PAT margin or EBITDA? Yes, that's just minor clarification?

Rajesh Jayaraman : It is EBITDA.

Viraj Mahadevia: Yes. Okay. And for the international orders, do you participate in tenders, or do you actually have BD personnel stationed in the various markets, particularly larger markets like Europe, who go and interact with the utilities, et cetera or are you a known enough force where you just participate in tender and you have limited overseas staff?

Bharanidharan Pandyan: So, Viraj, we do not have tender-based request. Normally, we supply to the large EPC or companies like Hitachi, Siemens, GE, Schneider, the ARAMCO kind of customers. So, these are not tenders per se, A. B, we have already approved in over 120 countries. A lot of spadework has been done over the last decade where we have gone and got approvals across utilities.

So, we are approved in, say, Denmark. And that is how we were able to pull our friends from Mehru inside. Same way in Finland, we were approved. That's why we blanket for three years. And we got shunt reactors in Finland. We are approved in large utilities in the US. So, that spadework has, in larger markets, already been done. What we are trying to do is, in the same marketplace, we are trying to add more product range in the high voltage and the power electronics segments.

Viraj Mahadevia: I understood. And, sir, if, obviously, order book permitting and you said you'd give more clarity on it in the next six months or a few months, do you think you can do a INR 2,000 to INR 3,000 crores top line by FY30 once all your capacities are online, assuming the tailwinds continue in the sector? Is that within the realm of possibility?

Bharanidharan Pandyan: Viraj, that's a long shot question. I would not like to speculate. However, what I can tell you is that tailwinds at the high voltage, especially for HVDC and FACTS is going to be there for at least five years, if not more. That I am not speculating. Whether are we attempting an aggressive growth pattern? Yes, we believe in it.

We are putting into it. Most of the expansion will be funded by the profit or soft loan of 20 years. So, we are putting where the money is, what we are talking and committing. Our growth is not only organic, it is also inorganic. We are also looking at some exciting opportunities in the industry, in the sector.

As my colleague Mr. Jayaraman had indicated, the valuation sometimes, the market valuations tend to mirror the public market valuations and companies become very, very expensive. So, one of the reasons why we are toning down our aggression on that side. However, we will have some good news, we believe, next one or two quarters on this side. So, are we in the same trajectory? Yes, but I would not speculate more than that.

Viraj Mahadevia: Okay, thank you. All the very best.

Moderator: Our next question comes from the line of Paras Kulkarni from Ignara Capital. Please go ahead.

Paras Kulkarni: Yes, so I wanted to touch upon the gross margin. If I see on a year-on-year basis, they have fallen comparatively. So, what factors do you attribute to that first of all, that's my first question?

Sarika Jadhav: Hello, sir, our gross margin has increased. And there is just up and down in the material cost for the short term.

Sanjog Mhatre: Okay. Secondly, touching upon the previous call, if you remember, sir had guided that, we have a replacement cycle of 30 years directly for some of our products. So, you know, how do we see the top line growth after, say, let's after five, six years down the line? Because, you know, once this grid modernization, et cetera takes place, so would we be in a situation to, you know, continue this kind of growth?

Bharanidharan Pandyan : So, Paras, the story is a good question. Two things, even though the equipment takes 30 years to fail or the design life is 30 years, but also the manufacturing life cycle is one year. So, what customers do is at the end of five to seven years, they start buying spares, because if something goes wrong for a year, you cannot have a great shutdown. So, does not mean that spares are not a part of our business, point one.

Point two, in the last five years, we have been building a lot of 220 kV and 400 kV lines in our country, talking about our country. Now, the 220 kV lines are being upgraded to 400 and 400 being upgraded to 765, primarily because the amount of power to be transmitted has increased. So, even though the equipment has a design life of 30 years, the way our country and most of

the developing world is growing is ensuring that every 10 to 15 years, there is an entire ecosystem. The entire lines are being changed or upgraded. So, that is happening.

If there are other large markets in Europe and America, the grids are World War II, most of it. So, these kinds of grids and sites, it will take 50 or 70 years to replace, not two or three years, because these are massive grids. So, if you look at a country like America, by geography, I think they are more than twice or thrice if you take Alaska along with America from the volume perspective.

So, when you have to put a transmission infrastructure, they have to take three times more in timelines. So, I do not think the transmission infrastructure is going anywhere in the next decade or so. There can be some small demand cycles up and down on the medium voltage segment in terms of energy generation or consumption.

However, whatever generation we do, we still need to transmit effectively, whether it is a nuclear reactor, renewable or non-renewable. And with the more and more being produced, the transmission infrastructure is no longer able to take care of it. So, that is why the upgradation is happening, even the grids which have been installed five years back.

Paras Kulkarni:

Okay, understood. And if I, you know, squeeze in just one more question, especially touching down upon the gross margin side again. So, do we see any kind of improvement or volatility going ahead given the fact that, you know, the silver and copper prices are volatile and, you know, have increased considerably in the last one or two quarters? Just one clarification.

Bharanidharan Pandyan :

So, copper and aluminum going up and down is a part and parcel of this business, because, you know, one quarter it goes up and the next quarter it goes down. So, the cyclicity is normal and it is normally factored in. What is also of due consideration is that the raw material supply chain in this country is locked already for two years.

When I say raw material, anything, be it insulators, be it CTC cables, be it all critical components. So, what is happening is people are importing raw materials, including us. So, when you import it, you not only have the cost of the raw material in dollars, you also end up paying import duty and freight on it, along with the new regulatory requirements of BIS.

So, these are short-term impacts, I would say, in a quarter-on-quarter basis. But a lot of stuff is also happening, including us. We are reverse integrating wherever we feel is going to be bottlenecks. The HVDC magnet wire capacity, we should be able to have the first stage of capacity, feeling about demand by Q3 of next year.

So, we are also trying to minimize. Maybe one or two quarters we may get hit, but once we go in-house, we may again start improving on it. Again, the copper and aluminum prices, as you know, is linked not only to the LME, it is also linked to the dollar. And the dollar is also linked to geopolitical situation. Reasons why we try to hedge it is, A, increasing our export shares, so that a lot of imports is also hedged by exports. And also trying to ensure our order book is never more than 12 months, in such a way that our hit is not prolonged.

Paras Kulkarni:

Okay, understood, best of luck for the future quarters.

- Bharanidharan Pandyan:** Thank you, Paras.
- Moderator:** Thank you. Our next question comes from the line of Pritesh Chheda from Lucky. Please go ahead.
- Pritesh Chheda:** Sir in the INR 800 crores revenue, what is the assumption of Mehru in this and what will be the Utilization?
- Bharanidharan Pandyan:** Very good afternoon, sir. Mehru, we are anticipating slightly north of INR 300 crores. Utilization of all our facilities is already at 100% and above.
- Pritesh Chheda:** So, in the INR 800 crores, Mehru is INR 300 crores.
- Bharanidharan Pandyan:** Between INR 700 crores and INR 800 crores, what we guided, Mehru is positioned to be about INR 300 crores plus.
- Pritesh Chheda:** Okay. And Mehru was supposed to have some capacity expansion, right? Because when you bought the asset, it was at a certain revenue possibility of INR 250 crores and there was some debottlenecking. So what happened there?
- Bharanidharan Pandyan:** So, the equipments have been ordered. Every month, the equipments are being installed. As we are trying to make more and more spaces, I think we should be able to get about 45% more capacity of the same facility by March.
- But it is not 45% at the end of the March. It is not a Greenfield expansion. It is inside the expansion where we shifted a lot of operations to a warehouse, storage, and we are creating the storage spaces into factory. So, that is why we are seeing from last quarter, they had a number of, I think, close to INR 60 crores. So, this quarter, close to INR 79 crores. This is the incremental stock that is helping us. We could have done slightly better more if we had more raw materials.
- Pritesh Chheda:** So, basically, Q2 means the Mehru revenue is INR 79 crores and that is construed to be 100% capacity utilization or not construed as 100%?
- Bharanidharan Pandyan:** So, after that, again, as I said, we are adding capacity every month. So, as we keep on adding capacity, the capacity next month starts improving.
- Pritesh Chheda:** So, as of now, let us say it is 80 into Q2, so about INR 320 crores and that is why you put Mehru at INR 300 crores in FY 2026 and 100% and then you keep on adding capacity incrementally?
- Bharanidharan Pandyan:** Correct. And next we have the GIS also because in the same capacity, instead of adding more machines of the same AIS, we have also ordered machines GIS project. So, while we are excited about the amount of orders we are getting on the AIS segment, we should also not forget that the higher margins and higher entry barriers are also in the GIS segment. So, a portion of our factory, in spite of the revenue pressures, we have allocated for the GIS project.
- Pritesh Chheda:** This is also within Mehru?

- Bharanidharan Pandyan:** Yes, the instrument transfer product line, we have more or less consolidated as a high-voltage level at Mehru. In the medium portion, we still do at quality power a little bit.
- Pritesh Chheda:** Okay. And I did not understand your comment on the overall margin change. From your presentation, it is like we see last three years numbers that you have put. FY 2024 was 20%, FY 2025 is 30%. I think there was some consolidation of Mehru here in FY 2025. Now, when you look at the first half, it is 25% and when someone is asking you on the guidance, you are saying 20%. So, I think the volatility is substantial. What should we comprehend from these variations in margin from year-to-year and your guidance?
- Bharanidharan Pandyan:** So, the guidance is on the total consolidated balance sheet rather than a division level. At Quality Power and Endoks, we have guided to 25% margins. We did not change from that. At Mehru, we are increasing the margins as we speak. You can see some improvements every quarter. Apart from it, we have Sukrut coming in again at a very low margin. So, when we start consolidating balance sheet and consolidating numbers, it may look very up and down. The correct way to look at it is a PAT or a PBT.
- Pritesh Chheda:** Maybe you want to give the PBT then. And when I am referring to your number, I was actually referring to your consolidated number only.
- Bharanidharan Pandyan:** At our individual companies, which we have owned for more than five years, say Quality Power, Endoks and all, we are higher than 25% in all the companies.
- Pritesh Chheda:** Okay.
- Bharanidharan Pandyan:** Yes. Our intention for us in Mehru is also to bring them to the similar margin levels in about three to four years time. So, each company over a period of three to four years in the consolidation cycle will go into a high margin business. But when we buy companies, we don't normally get very large margin businesses. That's one of the reasons why we are guiding the market to a slightly lower margin. That's all.
- Pritesh Chheda:** So, just trying to understand a little bit, I can understand a standalone number, which is basically the coil product business, which is about 30% margin? There is 25% margin in H1. So, this 25% and your 20% comment, if you could just tell from that angle?
- Bharanidharan Pandyan:** Sir, I do not think there is a problem with our standard businesses. Those businesses will continue to operate. What we are giving is a consolidated number of 20% and not individual standalone business of 20%.
- Pritesh Chheda:** Yes. But your H1 is 25%. So, I am just trying to understand what is that 25%, and nothing else?
- Bharanidharan Pandyan:** Yes. So, our intention is always to keep it slightly conservative.
- Pritesh Chheda:** Okay. Thank you.
- Moderator:** Thank you, sir. Our next question comes from the line of Yashovardhan Banka from Tiger Assets. Please go ahead.

Yashovardhan Banka: Sir, on the export front, from which side are we facing maximum tailwinds like from which country if you can just specify?

Bharanidharan Pandyan: If you look at the amount of tenders that we are bidding, it is in the US for some of our product lines. Europe is where we are getting the maximum amount of orders, Europe and Australia. Indian market is there. But as I said, in Indian markets, we have problems with regards to geopolitics.

As we cannot use a lot of Chinese material in the Indian markets because of regulations, which means that even though there are orders that is available, you do not have the supply chain to execute on time. So, we would see the growth markets to be Europe, Australia, Middle East, and Southeast Asia. Next would come India. And if all the tariffs and all the negativity around it goes up then the US would be the number one market.

Yashovardhan Banka: Understood. And secondly, what is that one risk that we are very aware and cautious about moving from here?

Bharanidharan Pandyan: Always it what keep us awake in the night is Chinese, because Chinese are not working on margins. They are working on global domination. So, when you as a profit-making enterprise are fighting Chinese at a global level, who are not focused on profit rather than volume, your biggest threat as a profit-making enterprise is those kind of guys.

One of the reasons why we expanded capacity, why we went backward integration is to be getting closer to the Chinese of being the cheapest producer across the world. And if we are able to achieve that at some point, including the technology, I think we are in safe hands. We are not worried about the domestic competition or the European or American. We always assume that we need to be the fittest against the Chinese.

Yashovardhan Banka: Understood. Okay. That's all, sir. Congratulations and all the best.

Moderator: Thank you, sir. Our next question comes from the line of Akshay Tiwari from Asit C Mehta Investment. Please go ahead.

Akshay Tiwari: Hi, sir. Thank you for the opportunity. Sir, when I look at the consolidated balance sheet, in the trade receivable, there has been increase from INR 136 crores in FY25 to INR 207 crores. That's a substantial increase. So just wanted to understand why has there been such an increase in the trade receivables. Also just wanted some color on the noncurrent assets and current assets because there has been increase on those front as well?

Sarika Jadhav: Sir, can you repeat your question.

Akshay Tiwari: Yes. So when I look at the consolidated balance sheet, trade receivables has gone up from INR 136 crores to INR 207 crores. So just wanted to understand?

Sarika Jadhav: Creditors?

Akshay Tiwari: No, trade receivables?

- Sarika Jadhav:** Trade receivables?
- Akshay Tiwari:** Yes.
- Sarika Jadhav:** So sir, as sales has been increased, so trade receivables have been increased overall the subsidiary level.
- Akshay Tiwari:** Okay. Any particular business that has attributed to such an increase?
- Rajesh Jayaraman:** No, it is both Quality Power and our subsidiary and both subsidiaries. It is all put three together based on incremental sales and the receivables also has increased.
- Akshay Tiwari:** Okay. So in the long term, do we expect it to normalize? Or will it be at such a level?
- Sarika Jadhav:** Sir, in the future, we will remain at the same level for the net current assets.
- Bharanidharan Pandyan :** Akshay, the trade receivables are fluctuating based on what kind of customer we are handling in which subsidiary. So with private customers, it's normally cash and carry with some of the larger utilities or larger steel projects, what our colleagues in Endok taken, you have the 10% or 15% retention money till the end of commissioning. So that sometimes increases pipes volume. However, our discipline internally, including at Mehru that we have enforced right now is 60 days end of the month or 99% of the customers.
- Moderator:** All right. So I see there is a connectivity issue. We'll move over to the next participant. Our next participant comes from the line of Kushal K. Please go ahead.
- Kushal K:** Yes. Thank you. Thanks for the opportunity. Last quarter, we mentioned that there was some interest, which there was a minor correction in the limited review of the profit and loss account and 1Q profits controlling interest, which were reported to be INR 31 crores, but the correct figure was INR 19.37 crores. Can you please clarify on this point about last quarter because your updated numbers do not reflect the INR 19 crores number as well for Q2? I mean the Q2, the Q1 numbers are still in the 30s range?.
- Sarika Jadhav:** Sir, we will check and come back to you for this issue, sir.
- Kushal K:** Okay. Thank you.
- Moderator:** Thank you, sir. Our next question comes from the line of Pritesh Chheda from Lucky. Please go ahead.
- Pritesh Chheda:** So, just from growth perspective, so we'll have capacities which will come this year and next year via Mehru for our growth. And when should the coil factory become operational?
- Bharanidharan Pandyan:** Sir, the public guidance at the moment is end of second quarter in 2026, June 2026.
- Pritesh Chheda:** Okay. So it will get operational and then you will have the buildup of orders. Or will you have a buildup of orders before that?

Bharanidharan Pandyan: We would start at the beginning of second quarter. We would start taking the orders in because the table for time for getting the raw materials is about two to three months, which means that it would allow us the time to settle. So we presume that Q2 of next year is when we open the floodgates of orders for the capacity.

Pritesh Chheda: And we will see commercial revenue booking for that from Q2, as soon as you start the executing the cycle?

Bharanidharan Pandyan: The cycle time is about six to nine months, so I believe end of the year.

Pritesh Chheda: Okay. And will there be a situation where there can be some pre-committed orders or pre-committed customer for this factory?

Bharanidharan Pandyan: Currently no.

Pritesh Chheda: But is there a possibility?

Bharanidharan Pandyan: At the relevant time, once the factory is ready, then we can talk about capacity allocations to certain customers. At this moment, we would like to skew more towards demand and supply before we talk partnerships to critical customers.

Pritesh Chheda: Okay. And my last question is, until the coil factory comes up, and your lot of growth is linked to Mehru, so what kind of sale capacity, incremental capacity addition over and above this 300, you mentioned 45%, right? So basically another INR 150 crores, INR 200 crores of value of capacity gets added in Mehru. Is that correct?

Bharanidharan Pandyan: I agree, sir. Between INR 450 crores, INR 500 crores would be the max capacity at Mehru, once the capex and opex is done at this point.

Pritesh Chheda: Okay. And between your IPO and now, you have done one acquisition in a new product line called a transformer accessory, which I can see from your presentation. So that particular piece of business, what can it add to your revenue?

Bharanidharan Pandyan: So we would not be fully consolidating them because it's more of a JV with Yash High voltage, so it's about 50% of what they do. The current revenues of this year is anticipated to be about INR 28 crores at Sukrut, which is minor from that perspective of a larger balance sheet. But what did they bring together is about in excess of 1,000 customers in the transformer business.

We have certain product lines inside which we are developing, including magnet wires and stuff like that. Once our internal demand is fulfilled in about two or three years' time, at that time, this customer base of transformer would help us push through these magnet wires also into the other categories. So what we have actually bought is the customers.

The numbers, what would even if it goes down to say 3x or 4x in the next three or four years, still at the parent level, this would be a smaller consolidation. But what is more important strategically for us is the access to customers, a new set of customers.

Pritesh Chheda: Okay. Got it, sir. Thank you, sir.

- Moderator:** Thank you. Our next question comes from the line of Akshay Tiwari from Asit C Mehta Investment. Please go ahead.
- Akshay Tiwari:** Thank you again for the opportunity. So I just wanted to understand that in the longer run, in the Mehru business there will be GIS as well as instrument transformers. What shall be the mix of GIS and instrument transformers in the Mehru subsidiary, maybe by FY 2027 or maybe by FY 2028?
- Bharanidharan Pandyan:** Akshay, a very forward-looking question. We are excited about the birth of the GIS product line. However, it will be too early for us to tell you that it will be 50-50 or 30-40. A, the market acceptability of the product in such a quick period is something that we would wish for.
- However, the mix of a product for us in a factory is derived by which product has the highest profitability. To give you a kind of a limelight, we can make a 220 kV power transformer in our current factory, the new one that is coming up.
- The question is whether a transformer allows us a 25%-27% margin, or should I give it to what we say a product which takes a better margin. So whether GIS or AIS will have a larger capacity allocation in 2027-2028, I think will be purely driven by the market forces. A, that does not mean that we will not invest in strategy. I would still say that, yes, there will be a lot more focus on GIS. Got it.
- Akshay Tiwari:** Yes. Thank you.
- Moderator:** Thank you, sir. Our next question comes from the line of Paras Kulkarni from Ignara Capital. Please go ahead.
- Paras Kulkarni:** Yes. Hi. Thanks for the follow-up opportunity. I just wanted to get a clarification on the capacity utilization. May I know the capacity utilization at a consolidated level as of 2Q? That is my first question?
- Bharanidharan Pandyan:** 100%, my dear friend. Every day we are trying to find some corner in the factory where we can install machine, add people and facilities. So we have turned every location where we could find every factory. So any incremental capacity is not being left around.
- Paras Kulkarni:** Okay. And sir, when do we expect our current order backlog to be completed?
- Bharanidharan Pandyan:** As I guided earlier that our order book is normally not more than 12 months time is what your active interest is.
- Paras Kulkarni:** Okay. So by 2Q in FY 2027, we expect the current order backlog you know?
- Bharanidharan Pandyan:** If not 100%, at least 95%.
- Paras Kulkarni:** Okay. Understood. Thanks.

Moderator:

Thank you so much. Ladies and gentlemen, as there are no further questions from the participants, on behalf of Quality Power Electrical Equipments Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.