

# KSH International

11 August 2026

**Operator:** Ladies and gentlemen, good day and welcome to the KSH International Ltd. Q1 FY27 earnings conference call hosted by Axis Capital Limited. As a reminder, all participant lines will remain in listen-only mode, and there will be an opportunity for you to ask questions after the management opening remarks. Should you need assistance during the conference call, please signal the operator by pressing star, then zero on your touch-tone telephone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Bhavani Kumawat from Axis Capital Limited. Thank you, and over to you, sir.

**Bhavani Kumawat – Axis Capital Limited:** Thank you, Rayan. Good morning, everyone. On behalf of Axis Capital Limited, I welcome you all to KSH International Ltd. Q1 FY27 earnings conference call. Today, on the call, we have management represented by Mr. Rajesh Hegde, Managing Director; Mr. Amode Joshi, Chief Financial Officer; Mr. Dhruv Chopra, Head of IR; and Mr. Nakul Tripathi, Company Secretary and Compliance Officer. We thank KSH International Ltd. for giving us the opportunity to host the call. I would now like to hand over the floor to the management for their opening remarks, after which we will open the floor for Q&A. Thank you, and over to you, Rajesh sir.

**Rajesh Hegde – MD:** Good morning, everyone. This is Rajesh Hegde. Welcome to our Q1 FY27 results call. FY26 was a pivotal year in our 45-year history, marked by the completion of Phase 1 of our Supa expansion. In FY27, we are focused on utilizing the capacity while concurrently completing Phase 2 of our expansion, and I am extremely pleased with the start we have made in the first quarter of FY27.

Our first-quarter financial results, along with supporting information, have been submitted to the exchanges and uploaded to our website. On today's call, I will start with a quick summary of KSH and then focus on some of the strategic developments and trends we see, as well as some of the key operating metrics of the company, including progress on Supa. Amode will then discuss the financial and operating metrics as well.

For those new to KSH International, we are a 45-year-old manufacturer of magnet winding wires, which are the most critical components of coils used in electric machines, from power transformers down to AC compressors and everything in between. We are the leading manufacturer of specialized winding wires in India and the largest exporter of winding wires from the country. Our installed capacity as of June 30, 2026, was {? 43,445 ?} metric tons, and once Phase 2 of our Supa expansion is complete by the end of this financial year, we would have an installed capacity of roughly 59,000 metric tons, making us the second-largest winding wire manufacturer in India.

We are a B2B company servicing over 120 leading domestic and global OEM customers. We maintain long-term relationships with these customers, with repeat revenue in excess of 95%. Additionally, our business is make-to-order, which means we procure the copper and begin processing only after receiving a purchase order from the customer. Thus, the LME copper price and exchange rate are a direct pass-through.

Roughly 75% of our revenue comes from large power transformers used in T&D, renewables, railways, and data centers, driven by our core continuously transposed conductor, or CTC, product, in which we are the market leaders in India. CTC is a complex engineered wire product, and all of

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## KSH International

our exports are exclusively to T&D customers across five continents.

The T&D sector, as you know, is in a structural, long-term cycle driven by renewable energy, grid modernization, urbanization, and growing power demand for AI data centers in India as well as globally. To address this demand, almost every transformer OEM is meaningfully expanding its own capacity. To put it simply, more transformers require more winding wire.

On our last call, we mentioned that some large transformer clients were exploring long-term, multi-year agreements to ensure predictability of their supply as they ramp up capacity. We are very pleased to announce that we have entered into a 5-year supply framework agreement with Hitachi Energy Global to supply winding wires to their Indian plants as well as some of their global plants. As of yet, this framework agreement and the details are still being finalized. We will, of course, provide an update when we are in a position to do so. Long-term agreements such as this further improve visibility for us to ramp up utilization as we complete the Phase 2 expansion at Supa.

Looking at our export performance in Q1 FY27, our export revenue increased 76% year-over-year and was 12% higher than Q4 FY26. Export growth remained strong across all our key geographies and was driven by wallet-share gains with existing customers, as well as new OEM customers added over the last two quarters. Specialized wire revenue overall grew at a record 113% year-over-year, compared to 62% growth in FY26. Growth was driven by higher CTC contribution and exports. In fact, in Q1, CTC's contribution to total revenue reached record levels in the last several years. Apart from the end-user demand environment, this was also partially driven by the fact that we front-loaded some of our Phase 1 capacity addition towards specialized wires. Over the next 2-3 quarters, we expect this to normalize to previous levels as we complete Phase 2 of our expansion over the remainder of this year.

Domestically as well, we have added standard wire clients, particularly as capacity has ramped up in Supa. As we have stated, our focus for standard wires is predominantly on select end-user industries such as EVs, AC compressors, motors, alternators for DG sets, and others, where precision technology plays a critical role. Standard wire revenue grew at a robust 83% year-over-year rate during Q1, similar to the 80% growth in Q4. Overall, sales volume was a little under 8,000 metric tons in Q1, up from roughly 7,600 metric tons in Q4 and 6,100 metric tons a year ago. This represents 30% year-over-year volume growth while being 5% higher than Q4 FY26.

Similar to the revenue trend, specialized wire volume growth significantly outpaced standard wire volume growth. There is one short-term industry dynamic we have observed, and I feel it is worth calling out: we have seen a few transformer OEM customers who are in active capacity expansion mode delay picking up their orders by a few weeks. We do, however, believe that this will normalize as soon as they are able to resolve the bottlenecks and make their new facilities operational.

Our Supa expansion continues to remain on track for completion in FY27, with the next wave of capacity expected to be added in Q2 FY27. In Q1, annualized capacity was unchanged at 43,445 metric tons. With capacity unchanged, consolidated company utilization improved to about 73.5% in Q1, up from 70% in Q4 FY26.

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## KSH International

Last week, we completed yet another of our IPO objectives on time by commissioning our upcast backward-integration facility in Chakan. This facility will have a capacity of 5,000 metric tons and will be used to recycle our own copper scrap, which in turn should provide some modest operating efficiency and further strengthen our sustainability efforts.

I would now like to focus my remaining comments on 2 of the key metrics of our business, namely our capacity expansion through Supa and EBITDA per ton.

First, on our capacity expansion in Supa, through Q1, we have completed 14,400 metric tons of the scheduled 30,000 metric tons expansion. Let me highlight 2 points. Number one, we are on track to complete the remaining Phase 2 capacity by March 2027, with the next wave of addition expected during Q2. To secure our long-term capacity—

**Rajesh Hegde – MD:** The second point is to secure our long-term capacity expansion requirements. Our board last night authorized management to evaluate acquiring an additional 10 acres of land within Supa MIDC for its long-term expansion requirements. Purchasing land in Supa MIDC is the obvious choice for us, given the established infrastructure we are currently building out.

Moving now to our EBITDA per ton performance. In Q1 FY27, we reported EBITDA per ton of approximately rupees 93,000 per metric ton, up from roughly 74,000 in Q4 and 66,000 a year ago. The key drivers for this improvement were, number one, that within specialized wires, we had a record contribution from CTC during Q1. While demand is undoubtedly strong, there is also a timing element of front-loading specialized winding wire capacity in Phase 1, and hence we expect the contribution from standard wires to increase as we go into the second half of the year.

Number two was the higher export contribution and volumes during Q1, which were all for specialized wires. In addition, some of the new OEM customers have had more favorable and market-driven value-addition rates compared to our established long-term customers on a like-for-like basis. Number three was an increase in the consolidated utilization rate to 73.5% in Q1 FY27 versus 70% in Q4 FY26 on a larger installed base. Lastly, a persistently weaker rupee is also helping EBITDA per ton.

Lastly, I want to touch upon our working capital management efforts, given that this is a key focus area for improvement for us and will take us closer to our goal of ultimately being cash-flow positive despite the high-growth environment we face. After showing a 5-day average working capital days improvement in Q4, we were able to improve it by another 5 days in Q1, resulting in average working capital days of 60 days during the quarter compared to 71 days a year ago. There is more work to be done, and we are focused on doing just that.

To conclude, I would like to highlight some of the financial trends we have observed over the trailing 12 months that we believe should be sustainable through FY27. First, for the trailing 12 months, volume growth was 26%. The higher Phase 1 capacity will be available for the full year in FY27, as opposed to only part of FY26, and therefore we feel that we should be able to sustain this rate of volume growth for the full year.

Second, we reported EBITDA per ton of approximately rupees 74,000 for the trailing 12-month period. We therefore believe that we should be able to sustain approximately rupees 75,000 per ton

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## KSH International

11 August 2026

for FY27, although the actual performance will depend on the product mix, exports, and currency. We also want to highlight that we expect some fixed costs to increase as we ramp up capacity utilization going forward in the Supa plant.

In summary, our key strategies to drive sustained growth are, number one, to grow volumes in our ultra-precision, higher-value-added products in segments such as A&D, EV motors, and exports. Number two, to expand our international presence, including expansion with our global clients. Number three, to increase wallet share with existing clients. Number four, to drive operating efficiencies through scale and backward integration. Lastly, to improve our sustainability efforts.

I would now like to ask Amol, our CFO, to go over some of the financial and operational details. Over to you, Amol.

**Amol – CFO:** Thanks, Rajesh. I will discuss our Q1 FY27 financial and operating performance. During Q1 FY27, our revenue from operations was rupees 1,164 crores, which is 108% higher compared to the same period last year. Specialized winding wire revenue in Q1 increased 113% versus a year ago, driven by ongoing demand from our T&D clients domestically as well as from the export market. Standard winding wires also grew 83% year-over-year in Q1. Revenue from exports grew 76% compared to Q1 FY26. Volume mix and material prices were key drivers of top-line performance.

Q1 EBITDA of rupees 74.4 crores improved from rupees 40.3 crores last year and rupees 56.3 crores last quarter. As we have stated, reported margins can fluctuate due to movements in copper prices, given that copper is a pass-through. Therefore, to evaluate the underlying progress of the company's profitability, it is more important to look at the unit economics of the business. EBITDA per ton for Q1 was approximately rupees 93,000 per metric ton on a consolidated basis, up from approximately 66,000 last year and rupees 74,000 in Q4.

During Q1 FY27, we reported a quarterly record PAT of rupees 42.2 crores, which increased 86% from Q1 FY26 and was 22% higher than the rupees 34.5 crores reported in Q4 FY26.

Lastly, turning to cash flows and the steps we are taking to improve cash flow generation in a high-growth environment, working capital days calculated on an average balance basis improved to 60 days from 65 days in Q4 and 71 days in Q1 FY26. In Q1, we made further progress on both payables and receivables compared to Q4. Payables showed a 5-day improvement and receivables showed a 2-day improvement. Inventory days remained flat, given the nature of our business. We will, of course, keep looking for further efficiencies over the next several quarters, with the goal of being operating-cash-flow positive even in a high-growth environment. With that, I would like to hand the call back to the moderator to open it up for questions.

**Operator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We take the first question from the line of Diksha Jain from Incredible Research. Please go ahead.

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# KSH International

11 August 2026

**Diksha Jain – Incredible Research:** Yes, congratulations on very good numbers. My first question was regarding EBITDA per ton. As you shared and discussed, the EBITDA per ton number has been very high this quarter. How do we see this moving for the rest of the year? Also, have the margins improved for standard wires as well? How sustainable is this?

**Management:** Hi, Diksha. I think Rajesh just addressed this particular point in his prepared remarks. Essentially, what we feel is that there are some strong structural trends supporting EBITDA per ton, but there are also various factors involved. First of all, as our Supa Phase 2 capacity comes in over the next 3 quarters, there will be additional higher costs, which will be a counterforce, as well as the eventual mix between the CTC product and others, and between standard and specialized products broadly. From our perspective, what we feel comfortable with is {? 75,000 ?} rupees per ton for the remainder of FY26—oh, for the full year FY27.

**Diksha Jain – Incredible Research:** Sir, has EBITDA per ton improved for standard wires as well? I am not asking for specific numbers, but I just want an idea regarding that. Also, how has the share of higher-KV-class CTC moved in the specialized wire segment?

**Management:** Yes, as standard wire capacity utilization has increased, EBITDA per metric ton for standard wires has also improved marginally from earlier quarters. Your second question is in terms of higher-value-added products for 765 kV. The quantity has been higher compared to earlier quarters. Similarly, I think it is around 25% for the higher-KV classes within specialized wires.

**Diksha Jain – Incredible Research:** Okay, thank you for taking the question.

**Operator:** Thank you. We take the next question from the line of Gaurav Bhatia from Goldman Sachs. Please go ahead.

**Gaurav Bhatia – Goldman Sachs:** Sir, thank you for taking my question, and congratulations on a great set of numbers. I am asking this question again on EBITDA per ton. Is there any lumpiness in the CTC orders that we executed in the current quarter?

**Management:** As we mentioned on the call—

**Gaurav Bhatia – Goldman Sachs:** Let me finish the question, sir. The question is, when you are talking about specialized and non-specialized wire capacity also coming up, and that growth going forward being higher than, let us say, CTC growth, will the absolute revenue that you have generated from the CTC business fall, or will that also grow but more slowly than the non-specialized wire business? That is my first question.

**Management:** Gaurav, to simply answer your question, no, there is no lumpiness. I think it is a question of proportion. As capacity for standard wires and other products comes in, those volumes will pick up. If CTC, as an example, was at an extremely high mix percentage of the total, that mix percentage will revert closer to normal. It does not necessarily mean that it would go down on an absolute basis.

**Gaurav Bhatia – Goldman Sachs:** Right. If I were to look at EBITDA per ton, or EBITDA separately, for the CTC business versus the non-specialized business, both will grow, but the mix could change, and therefore we could see lower EBITDA per ton on average for the company. Is that what you are

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**KSH International**

trying to imply?

**Management:** I would not explicitly say that EBITDA per ton for both will grow, but EBITDA will grow on an absolute basis for both, yes.

**Gaurav Bhatia – Goldman Sachs:** The number that you just mentioned, 74,000 for the full year, and considering that you have done 93,000 in the first quarter, it essentially implies lower than 74,000 for the remaining 9 months, which is a bit surprising. Why would it be below last year's Q4?

**Management:** Gaurav, again, we have mentioned that this is not guidance that this is the number we are going to deliver. We have said that 75,000 is a level we are comfortable delivering.

**Gaurav Bhatia – Goldman Sachs:** Understood, that makes more sense. My second question is on this 10-acre land and the capacity. At the Supa facility, I remember you had mentioned that another 12,000-ton expansion is possible without any need for additional land. This 10-acre land is in addition to that. So, there are 2 parts to the question. First, if we were to use this 10-acre land, how much incremental capacity is possible on it?

**Management:** Right now, we do not have an answer to that question because the focus is on identifying the land, and ultimately the tonnage that comes out of any plot of land will depend on the mix of machines and products that you are putting in. We are a long way from determining that. This is more to ensure that, over the longer term, we have the ability to add more capacity as we need it.

**Gaurav Bhatia – Goldman Sachs:** Okay. Just a last point on working capital. We have seen a steady improvement in the working capital days. Where do you think the sweet spot is? Where do you ultimately want to get to, and over what time frame? What is that number?

**Management:** If you look at the industry standard overall, 30–35 net working capital days is what the industry is operating at. Some of our peers are even lower than that, but we feel that 30–35 days is fairly achievable, and that will be our aim going forward. We will try to do better than that also, if possible.

**Gaurav Bhatia – Goldman Sachs:** What time frame do you think is reasonable to expect that?

**Management:** On the time frame, it is a multi-quarter process, not a multi-year process. Gaurav, can I ask you to jump back into the queue so we can give some others a chance?

**Gaurav Bhatia – Goldman Sachs:** Sure, I will come back in. Thank you.

**Operator:** Thank you. We take the next question from the line of Vyas Subramanyam from Saba Capital. Please go ahead.

**Vyas Subramanyam – Saba Capital:** Thank you for taking my question. I have one question on the long-term contract that you have signed with Hitachi. Could you talk a bit more about that, what kind of products it covers, and what the EBITDA per ton potential from it is? That is one question. Second, you mentioned last quarter that a lot of OEMs were looking to sign similar contracts. Do you think that over the next few quarters you could see more OEMs locking in supply, primarily

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because of the scarcity of supply today?

**Management:** Regarding Hitachi, as we mentioned, this is a framework agreement where the broad construct has been decided. However, there is still no quantity or price defined as of right now. It is more of a framework that we have agreed on, but it is still in process. We will also finalize the quantity, which we will, of course, communicate as we go along.

Regarding the trend in the industry, as we mentioned before, most transformer manufacturers globally are sitting on order books of about 3–4 years. The general tendency is to lock in at least some amount of the capacity that would be required. That is where we come in because we have already been servicing most of these customers. These discussions are ongoing, and we will report back whenever we are in a position to finalize any more agreements. At that time, we will come back to all of you and mention it in the calls.

**Vyas Subramanyam – Saba Capital:** Understood. If you could provide some color on EBITDA per ton, would you be able to say whether this is higher for a customer like Hitachi, given that they are very prevalent in high-voltage products? Is the EBITDA per ton higher than the company average when you supply to them?

**Management:** No, it will be similar. When you look at it as a 5-year agreement, there would obviously be some clauses that might affect EBITDA per ton going forward. However, this is still work in progress, so I do not want to give any specific guidance on EBITDA per ton going forward. We will definitely be able to maintain it.

Regarding the products you mentioned, I think one of your other questions was about what products are covered. Hitachi and transformer companies use specialized winding wires, which include CTC, paper-insulated wires, enamel-insulated wires, and rectangular conductors.

**Vyas Subramanyam – Saba Capital:** Understood. On EBITDA per ton, I think your previous guidance was 65,000–75,000, but now you are confident of sustaining 75,000 at the very least. Is that the right way to look at it?

**Management:** Yes, that is what we are saying here.

**Vyas Subramanyam – Saba Capital:** Understood. Thank you. That is all from my side. I will jump back into the queue.

**Operator:** Thank you. We take the next question from the line of Shubham Borade from ICICI Securities. Please go ahead.

**Shubham Borade – ICICI Securities:** Thank you for taking my question, and congratulations on an excellent set of numbers. My first question is regarding exports. In this quarter, exports contributed 24% of revenue, compared with 29% in Q1 FY26. What is management's outlook on this, and what number can we expect for the full year FY27? Second, out of total exports in this quarter, exactly how much was to the US and the Middle East? Those were my questions. Thank you.

**Management:** I am sorry, could you repeat the second question?

**KSH International**

11 August 2026

**Shubham Borade – ICICI Securities:** Out of total exports in this quarter, how much was to the US and the Middle East?

**Management:** Regarding the first question on the export percentage, I think you are calculating it on the basis of operating revenue. The way we typically calculate it is on operating revenue, excluding other operating revenue. On that basis, I think it was around 27% this quarter. What we have said is that, over time—not specifically during this period of this year—the target is to increase it back to its historical peak of around 40% of total revenue.

Regarding the second question on the Middle East, we do not provide that information quarterly. However, annually, the Middle East, Europe, and the US are our 3 key export geographies, and each of them represented between 8% and 11% of total revenue.

**Shubham Borade – ICICI Securities:** Okay. Thank you. That is all from my side.

**Operator:** Thank you. We take the next question from the line of Jinesh Kariya from Union AMC. Please go ahead.

**Jinesh Kariya – Union AMC:** Thank you for the opportunity. I hope I am audible.

**Management:** Yes, you are, Jinesh.

**Jinesh Kariya – Union AMC:** Thank you for the opportunity, and congratulations on a very strong set of numbers, both on the operating front and on the balance-sheet side. My question is more about the industry demand outlook. How do you see the cycle developing? Do you expect the cycle to remain strong over the next 3–5 years, growing incrementally each year, or do you expect the growth rates to moderate slightly over the next couple of years? What is your view on the cycle?

**Management:** Let me break it up into some parts. If you look at the T&D side, as we mentioned, we find that many customers locally and globally are sitting on order books of anything from 3–5 years, depending on which customer you speak to. Most of these customers are also in expansion mode. Some of them have already expanded, some capacity is going to come in this financial year, and some capacity is going to come by around {? 29 ?}. Every year, some capacity is going to come into the market.

What we expect going forward on the T&D side is that the volumes are definitely there, and that is the reason why we decided to add capacity for the T&D segment.

The other drivers, if you look at them, are EVs, AC compressors, and alternators used in DG sets. These alternators are also being used for data centers. We are finding strong demand in alternators for DG sets, some motor segments, and AC compressors because of the sectors in which they are going to be used.

There are some other factors as well, such as BIS being implemented. A lot of localization of winding wire is happening, which was earlier being imported into the country. Now, because of BIS, the supply of standard wires is necessarily shifting to Indian companies.

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## KSH International

Lastly, on the EV motor side, this is a more long-drawn-out process because the winding wires required for EVs are seeing very strong demand on the two-wheeler side. The three-wheeler side is also very strong. For passenger cars and buses, in terms of volumes, I feel that FY28 and FY29 are when the incremental meaningful volumes would really emerge. However, you have to be a part of those programs now so that whenever these programs mature, you are in a position to supply to these companies.

**Jinesh Kariya – Union AMC:** Got it. Did I answer your question? Yes, sir, that was really very helpful. My next question is on the margin front. While you have already guided that you will be able to maintain at least a margin of 75,000 rupees per ton, is it possible for you—so I will break my question into 2 parts—to break down the 93,000-ton margin qualitatively or quantitatively, as you prefer, between inventory gains, value-mix improvement from specialized and standard wires, and operating leverage? That is the first part of the question.

The second part of the margin question is, with HVDC and other higher-value items increasing going forward, perhaps not immediately but 2–3 years down the line, can we see an upward trend in the margin from the 75,000 guidance?

**Management:** I think you should answer the first one, regarding operating leverage.

**Management:** Regarding the breakup of EBITDA and the improvement you asked about, all 3 factors you mentioned have contributed to the increase in EBITDA. However, we do not provide a full breakup of the 3 factors on this call.

The second question is on higher specialized value-added products. There is an expectation that the quantities will go up and help sustain or improve EBITDA going forward. However, as was mentioned earlier on the call, we are comfortable saying that 75% is a long-term sustainable EBITDA. 75,000. 75,000.

**Dhruv:** Jinesh, if I can just add something, this is Dhruv. One quick point on the EBITDA question: the key driver, which is what we called out on the call, rather than the individual components, is the mix. We have always mentioned that specialized wires are more profitable than standard wires, and even within specialized wires, CTC is more profitable. In this particular quarter, the contribution from CTC reached historically record levels. That was a much bigger driver of the higher EBITDA per ton than any of the individual components.

**Jinesh Kariya – Union AMC:** Perfect. That was very helpful from my end. That is all.

**Management:** Okay, thank you. Thanks.

**Operator:** Thank you. We take the next question from the line of Mayank Chaturvedi from HSBC. Please go ahead.

**Mayank Chaturvedi – HSBC:** Thank you, sir, for giving me this opportunity. Regarding one of the earlier participants, you were mentioning a percentage of revenue that came from higher-rated transformers within specialized wires. Can you repeat that percentage for me, please?

**Dhruv:** Are you referring to 765 kV and HVDC?

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## KSH International

**Mayank Chaturvedi – HSBC:** Yes.

**Dhruv:** For the last 2–3 quarters or so, that has trended above 25% of overall CTC volume coming from large power transformers. That continues to hold.

**Mayank Chaturvedi – HSBC:** Within specialized wires, you have historically high CTC levels, and within CTC, more than 25% is coming from 765 kV and HVDC.

**Dhruv:** Correct. Correct.

**Mayank Chaturvedi – HSBC:** Would it be fair to assume that the historically high level of CTC within specialized wires would be more than 50%?

**Dhruv:** We are conscious about which specific metrics are disclosed, but if you look at overall specialized wires, CTC will represent anywhere between 50% and 70% of that segment.

**Mayank Chaturvedi – HSBC:** All right. Regarding the new land parcel that you are trying to identify in Supa, would it be a mix of specialized and standard wires, or would it be for one of those capacities? Could you provide some color on that?

**Management:** The land we are identifying, as mentioned earlier, is for future expansion and will be used for our existing products. However, this is currently under discussion within the company, and we will give you more details as and when we finalize it.

**Mayank Chaturvedi – HSBC:** All right. That will be all from my side. Thank you.

**Management:** Thank you.

**Operator:** Thank you. We take the next question from the line of Priyanshu Jain from Growth X Infinity. Please go ahead.

**Priyanshu Jain – Growth X Infinity:** Congratulations on a great set of results. The execution has been phenomenal. I have a few questions. The first will be on the capex side. By the year-end, we will be somewhere close to 59,000–60,000 MT. After that, as you mentioned, we are acquiring land as well. Can you share some information on the earlier potential additional capacity of around 12,000 tons? What capex is required for this additional 12,000-ton capacity, and are there any future plans that you can share right now?

**Dhruv:** Priyanshu, it is difficult to answer those questions so far in advance. We have said that our focus right now is Phase 2 of the capacity expansion, which takes us to 59,000 tons. We have space available at the existing Supa plant where we have said we can potentially add another 10,000–12,000 tons. This new plot would then be in addition to that for future expansion requirements.

For now, you have to look at it sequentially. For FY27, the focus is exclusively on completing Phase 2. Along with that, the challenge and objective is, of course, to utilize that capacity. That will be a key focus area for us. As utilization builds across the overall 59,000-ton capacity, we will accordingly start working on additional capacity expansion. It is a bit too early for us to lay that out right now.

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**Priyanshu Jain – Growth X Infinity:** Got it.

**Dhruv:** At that point, we will be in a clearer position to let you know how many tons would be added and what the mix would be—whether it would be only specialized, standard, or special wires; only T&D; or T&D and EV. All of those are still to be determined. For us, the focus right now is to get the 59,000 tons in place and then make sure we utilize that capacity effectively.

**Priyanshu Jain – Growth X Infinity:** My second question is on client additions. Given the data-center boom, as well as transformers and distribution, can you provide some insight into whether we are currently in discussions with future potential clients or existing clients, and what specific products would be used for data centers?

**Management:** You mean for data centers? We lost you there, but are you asking whether there are any specific products for data centers and any specific clients?

**Priyanshu Jain – Growth X Infinity:** Yes.

**Management:** When we refer to data centers, it is basically any transformer that goes into a data center, or perhaps a UPS that goes into a data center. These are potential markets where we can supply either specialized winding wires or standard winding wires. That is the way to look at it.

Every data center requires a certain amount of transformers. Some of them could be higher-KV transformers, and they will also require distribution transformers, as well as the UPS that goes into the data center. These are some of the markets that we consider when we look at the data-center market.

What was your second question?

**Priyanshu Jain – Growth X Infinity:** It was only on the client side.

**Management:** One more thing is the DG sets—the diesel-generating sets that go into these data centers. There are alternators in these DG sets. That is another market that is going to grow significantly because a DG set is a critical component within a data center as a backup-power requirement. If you were to break up the data-center market, this is how we look at it.

**Priyanshu Jain – Growth X Infinity:** My last question is on the product mix. The capacity we are adding by the year-end—can we use the same capacity for both standard and specialized products, or are they separate and different in terms of capacity?

**Management:** For CTC, if your question is whether the capacities are fungible, they are not. For standard wires, some of the processes are fungible, but otherwise the insulation lines specific to CTC have specific lines. EV products have specific lines that cater to EV products, and the larger products would again have specific SPMs. Therefore, the capacities are not fungible and cannot be used interchangeably.

**Priyanshu Jain – Growth X Infinity:** Going forward, can we expect the share of standard wire products to increase?

**KSH International**

11 August 2026

**Management:** We mentioned on the call that when we reached approximately 43,000 tons of capacity, we had front-loaded the CTC capacity. Going forward, we will have more standard wire capacity, as well as some specialized wire capacity for EV products. The CTC capacity is already available with us for the rest of the year, and the focus is on utilizing it and working with customers.

**Priyanshu Jain – Growth X Infinity:** Great, sir. Thank you. That is all from my side. All the best for the future.

**Dhruv:** Thank you.

**Operator:** Thank you. We take the next question from the line of Surya Narayan Nayar from Nuvama Securities. Please go ahead.

**Surya Narayan Nayar – Nuvama Securities:** Thank you for the opportunity, and congratulations on a great set of numbers. My first question is regarding orders from different clients during Q3 and Q4 of the year. The specialized, special, and standard wire components are nearly fixed. To understand why there are fluctuations in EBITDA per ton because of the product mix during the year, could you explain that?

Second, to add to the previous participant's question, up to the wire-drawing stage the process is nearly the same, and after insulation, the operations are different. To understand this, can we say that the products are semi-fungible? In a hyper-demand situation, would you be more committed to clients in the higher-KV class or EV segments rather than taking on or under-committing to the general industry and other segments?

**Management:** I will answer the second question first. As was mentioned, the drawing capacities are fungible, but the insulation capacities are not. If there are more orders on the T&D side—for example, if we receive more HVDC orders or 765 kV orders—we would obviously pivot towards adding more capacity for specialized winding wires.

Similarly, for EV products, if we receive qualifications where we see visibility over the next few years and a program is going to be certain, we would look at adding capacity in those areas. That is how we decide on future capacity additions.

**Dhruv:** The first question was related to the intake of orders and the change in the product mix afterward.

**Management:** We have mentioned this in previous calls, but let me repeat it for the benefit of everyone. We enter into a year-long value-addition contract with at least 80–85% of our customers. This determines the overall value addition. However, the mix that we receive during the year can change. For example, if we have a specialty product such as CTC, we decide on the basic construct, where the value addition is fixed. But if we receive more orders during the year, say in a particular month, for 765 kV or for exports of CTC, that mix drives margins up or down.

In this case, as we mentioned, the {? 93,000 ?} EBITDA per ton had several driving factors. One of them was that the CTC mix was higher. The export percentage was also higher. Within CTC, we had execution of 765 kV and HVDC orders as well. We also pointed out that some of the new customers we had onboarded, for whom we were executing orders in Q1, had higher value addition than

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## KSH International

existing customers because we had an opportunity to link to the market price. That also pushed up EBITDA per ton for this quarter.

**Surya Narayan Nayar – Nuvama Securities:** In that case, when you sign multi-year contracts with GE, Renew, and others, your insulation capacity could fall short and you would require quicker capacity additions. Am I understanding that correctly?

**Management:** We have 43,000 tons of capacity available right now, and another approximately 16,000 tons of capacity will come on stream by the end of this financial year. That will be available next year, so we will start next year with an installed capacity base of around 59,000 metric tons. That will be the starting point for next year.

**Surya Narayan Nayar – Nuvama Securities:** So, if you continue onboarding more higher-KV-class or HVDC customers, we do not have any issue so far as insulation capacity is concerned; those requirements are taken care of.

**Management:** Correct. Right now, we do not. However, once we reach an 85% utilization rate, that is when we would really start thinking about future capacity expansion.

**Surya Narayan Nayar – Nuvama Securities:** In Q2–Q3 FY28, I see your utilization level reaching close to 75%. Is it fair to understand that you will be planning to start brownfield expansion around Q2–Q3 FY28?

**Dhruv:** Surya, this is getting very specific in terms of timing. When we see the utilization rate on the fully installed base trending up, we will start looking at which machines we need for which products. At that point, we will be able to give you an answer. Q2–Q3 FY28 is 4–6 quarters away, so I do not think we will be able to provide any specific quarterly timelines.

As I said in response to an earlier question, we first need to get the 59,000 tons installed and then start pushing utilization up. Once utilization is increasing on the larger base, this will become a direct and relevant question that you can ask us, and we will then be in a position to answer it.

**Surya Narayan Nayar – Nuvama Securities:** Regarding the Upcast capacity, is there any benefit that may accrue, and can you quantify it? That would flow through perhaps next year. Also, would this scale be increased, given that this is a smaller investment of around 6–7 crores?

**Management:** Regarding the current year, considering that Upcast came up last month and there is only the remaining period of this year, we believe it may add a few rupees to gross profit, but not more than that. The capacity is currently not very high compared to the total capacity for the year.

Having said that, going forward, if we see that the benefit is accruing, there is nothing stopping us from planning more capacity in that area. However, that is not currently on the cards immediately.

**Dhruv:** Strategically, the way we have thought about this is essentially to recycle our own scrap generated from production. We have it for captive purposes. We have not considered expanding it into a much broader operation. As a result, our overall recycling capacity is less than 10% of our overall capacity.

# KSH International

11 August 2026

While it will provide a benefit, the amount of benefit will be limited because of its lower capacity relative to the overall capacity.

**Surya Narayan Nayar – Nuvama Securities:** So, is the 5,000-ton capacity in sync with the scrap generated from the overall 60,000-ton capacity? Is that the correct understanding?

**Dhruv:** Yes, I think that is correct. It is slightly lower, but more or less you are right.

**Surya Narayan Nayar – Nuvama Securities:** Thank you, sir.

**Operator:** Thank you. We take the next question from the line of Abhijay from AJ Capital. Please go ahead.

**Abhijay – AJ Capital:** Hi, I hope I am audible.

**Dhruv:** Yes, Abhi.

**Abhijay – AJ Capital:** Congratulations on a good set of numbers. I am new to the company, so I have some basic questions on which I wanted clarity. I hope that is okay.

My first question is that I think I missed the quantification of the inventory gain included in this {? 93,000 ?} per ton that we achieved in Q1. Can you help us quantify what part of it was inventory gain?

**Dhruv:** You are asking whether we had quantified the inventory gain. Abhi, we had mentioned that everything played a role, but nothing played an outsized role. The main impact on EBITDA per ton came from the mix and the higher contribution from CTC specifically during this quarter compared with previous quarters.

**Abhijay – AJ Capital:** That is more reassuring. So, this 93,000 becomes the base case, and 75,000 becomes the base case. Thank you for that. My second question is that I wanted to understand—

**Abhijay – AJ Capital:** On a steady-state basis, what is the lag between the copper price charged to the customer and the copper price reflected in the actual inventory cost? What would that lag be? Are you able to pass it on in the immediate quarter, or does it lag by one quarter? Can you help us understand it better?

**Rajesh Hegde – MD:** Let me answer that question. This is Rajesh. This business operates in a make-to-order environment; we are not make-to-stock. Since we are basically supplying to OEMs, what we typically do is enter into a value-addition contract with every customer or OEM.

For example, suppose I enter into a value-addition contract for 2,400 tons with Customer X. Customer X will then release purchase orders for 200 tons per month, but not necessarily 200 tons on one day. The orders will be staggered, and every purchase order will be a unique purchase order. These orders are based on the known LME price.

Once we receive the order, we book the copper with our supplier, and whatever the known copper price is becomes the invoice price for the copper portion of that particular order. That is the pass-through mechanism, and we focus on the value addition.

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## KSH International

That is how the entire business operates. This is not just the way we operate; this is generally how the industry operates. We do this because we want to insulate ourselves from copper prices as well as exchange-rate movements.

Regarding the time lag, when we receive an order, it takes about 15–20 days to manufacture the finished good. However, the copper price has already been finalized at the beginning of the order. Therefore, there is no real fluctuation for that order.

**Abhijay – AJ Capital:** My last question is about borrowing costs. In FY26, I think your total interest was about 34-odd crores, and in this quarter we have seen it increase to about 17 crores for the quarter. For a company of your stature and credit rating, it seems that your borrowing cost is in double digits. Is that a fair understanding, or am I missing something?

**Management:** The borrowing cost related to working capital is required when turnover increases significantly. The increase is because turnover has gone up, and compared to Q1, the turnover is significantly higher. Working-capital borrowing costs will always be present. As turnover increases, the borrowing cost on working capital is expected to increase.

To clarify your point, the cost of capital has not increased. The overall interest expense is higher because working-capital financing is higher.

**Rajesh Hegde – MD:** If you look at the effective borrowing cost, it has not increased significantly compared with earlier years. We use a lot of working-capital products, and the interest cost ranges from as low as 6% to as high as 9.5%. It depends on the mix we use at a given time, and the borrowing cost is determined on that basis.

**Abhijay – AJ Capital:** That answers the question. I was looking at it as though it were a double-digit figure, but clearly that is not the case. That is all from my side. Thank you, and congratulations on a great set of numbers. I hope you keep delivering what you have promised, and I am sure you will exceed your promises.

**Management:** Thank you.

**Rajesh Hegde – MD:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, we will take the final question from the line of Rahul from Ambit Investment Advisors Private Limited. Please go ahead.

**Rahul – Ambit Investment Advisors:** Good afternoon. Excellent execution by the entire team. I hope I am audible.

**Rajesh Hegde – MD:** Yes, Rahul.

**Management:** Yes, you are.

**Rahul – Ambit Investment Advisors:** I have a couple of questions. First, regarding the thin-insulated wires that were planned for EV traction motors, what is the current status?

## KSH International

**Rajesh Hegde – MD:** They are still under installation. We have not yet installed the capacity, and we will report it when we have installed and operationalized it. It is part of Phase 2.

**Rahul – Ambit Investment Advisors:** How much capex is being incurred for Phase 2 for the entire FY27?

**Rajesh Hegde – MD:** The overall project cost for Phase 2, as we had mentioned, was partly funded through the IPO funds and was around 150–160 crores. A large part of that has been incurred to date, although some of it is sitting in advances and so on. By year-end, we are hoping that the entire Phase 2 will be implemented and operationalized.

**Rahul – Ambit Investment Advisors:** For this year, can we expect another 50 crores of capex that was sitting in CWIP?

**Rajesh Hegde – MD:** I think it will be more than that. For the full year, it will be higher than 50 crores.

**Management:** Rahul, a lot of it is financed from the primary issue of the IPO. The entire breakup between Phase 1 and Phase 2 was covered in the RHP.

**Rahul – Ambit Investment Advisors:** My last question is that value-addition EBITDA per ton has grown at a 23% CAGR from FY23 to FY26. Can we expect the same run rate if we exclude copper? In terms of the value addition that you generate, what growth rate can we expect? That would be very helpful.

**Management:** Value addition, like EBITDA per ton, depends on the mix between standard and specialized products, and then on the mix within each product. The same trends that we have discussed for EBITDA per ton would also apply to value addition.

**Rahul – Ambit Investment Advisors:** Realization is coming to 14 lakh per ton. Would this also be maintained on a steady-state basis, or would it change because the non-specialty business is growing?

**Management:** That is copper, because the metal value is included in the revenue.

**Rajesh Hegde – MD:** The 14 lakh realization, if I understand correctly, is calculated by dividing revenue by metric tons. A large part of revenue is the copper component, which fluctuates based on the LME and the exchange rate.

**Rahul – Ambit Investment Advisors:** Can you give us a rough range for the copper component?

**Rajesh Hegde – MD:** Since the LME and exchange rate fluctuate, it is very difficult to put a number to it. The LME has been fluctuating between \$10,000 and \$14,000 per metric ton. What we are saying is that this is always a pass-through for us. If you want to look at it, you should look at it at the gross-profit level.

**Rahul – Ambit Investment Advisors:** Got it. Thank you very much, and best wishes to the entire team.

**Rajesh Hegde – MD:** Thank you.

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# KSH International

11 August 2026

**Management:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

**Rajesh Hegde – MD:** Thank you for having us on the call. Going forward, our focus is, first, to utilize the capacity that we have in place and, second, to install the additional capacity that we are evaluating. I am quite hopeful that we will meet most of our objectives, as we have said on the call.

**Operator:** Thank you. On behalf of Axis Capital Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your line.

**Management:** Thank you.

**Rajesh Hegde – MD:** Thank you.

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