

Quality Power Elect.

10 August 2026

Operator: Ladies and gentlemen, good day and welcome to Quality Power Electrical Equipments Ltd. Q1 FY27 earnings conference call hosted by Asset C Mehta Investments Intermediates. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Siddharth Bhamre from Asset C Mehta Investments Intermediates. Thank you, and over to you, sir.

Siddharth Bhamre – Asset C Mehta: Thank you. Good afternoon, everyone. It gives us great pleasure to host this Q1 FY27 earnings conference call for Quality Power Electrical Equipments Ltd. As we all know, quarter one saw a huge swing in commodity prices due to geopolitical uncertainties, and one would have anticipated a negative impact on the supply chain. However, Quality Power has delivered an excellent set of numbers, especially on the margins front. We at Asset C Mehta, Pantomath Group of Companies, would like to congratulate the management of Quality Power on this achievement.

Today, on this call, we have Mr. Bunnydharan Pandian, Joint Managing Director; Mr. Sanjog Matre, CEO; Mr. Rajesh Jayaraman, CFO; and Mrs. Sarika Jadhav, Senior Vice President, Finance. Over to you, Bunny.

Bunnydharan Pandian – Joint Managing Director: Thank you, Siddharth. Thank you, everyone, and good afternoon. Welcome to the meeting. This quarter has been operationally intense, with customer qualification, capacity expansion, and acquisition execution progressing in parallel. We completed several detailed audits by global OEMs and utilities, while customer visits to our facilities increased materially. Both reflect the larger programs we are qualifying for and require direct senior management involvement.

At Sangli, machinery installation at the new facility is progressing. As expected in a new project of this scale, there are a few minor last-mile issues around sequencing, utilities, and statutory interfaces. These are being addressed effectively, and we do not see anything structural. Trial production is targeted during the current month, subject to the remaining approvals. Machinery installation for the high-voltage CTC magnet wire facility is also commencing. At {? Endoks ?} in Turkey, civil construction of the power conversion system facility is complete, with operations expected to begin during Q3 this year.

In parallel, confirmatory due diligence on Win-Win Specialty Insulators Limited has been completed without adverse findings, and we are progressing towards definitive agreements. One area I would specifically highlight is management bandwidth. As we acquire and integrate businesses, we are increasingly looking at management as a common group resource rather than as individual company teams. Experienced leaders across Nehru, {? Endoks ?}, and other businesses are taking responsibilities across the group, while Quality Power managers are similarly being deployed wherever their capabilities can add the most value. This creates a common pool of management talent across the group and allows us to scale without having to recreate management ability independently in every business. Win-Win will add further experience to this operating pool of talent.

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We have also strengthened our technology leadership with the appointment of Mr. Shailendra Kumar as Group Chief Technology Officer, bringing in over three decades of experience from HVDC, FACTS, power quality, and grid technologies at Hitachi and erstwhile ABB.

We closed this quarter with an order book of 1,945 crores, approximately 1.9 times last year's revenue. Demand remains strong across our businesses, with particularly encouraging traction in energy storage at {? Endoks ?}. The intensity we are seeing today is the result of several years of work coming together at the same time: new customer qualifications, new manufacturing capacities, and new technology and acquisitions. Our responsibility as management now is very simple: execute each of these properly, preserve our operating discipline, and convert this opportunity into sustainable growth. Thank you. Now I hand over to Mr. Sanjog Matre, our CEO.

Sanjog Matre – CEO: Thank you, Mr. Pandian, and good afternoon to everyone on the call. I would like to focus my remarks on execution, operating priorities, and the capabilities we are building for the next phase of growth. The most significant activity during the quarter has been the installation of machinery at our new Sangli manufacturing facility. Given the scale and complexity of the facility, this is a highly coordinated exercise involving equipment placement, foundations, alignments, utilities, interconnections, and the readiness of supporting infrastructure.

As is normal in a project of this size, we are encountering a few minor last-mile execution issues during installation. These are largely related to sequencing interfaces between equipment and infrastructure and the closure of certain site-level dependencies. None of these are structural in nature, and the teams are addressing them effectively through detailed daily coordination and prioritization. In parallel, we are preparing the organization for the next stage. This includes process documentation, operator training, quality systems, calibration, traceability, and customer audit readiness.

In high-voltage equipment, the ability to move efficiently from machinery installation to qualified production depends as much on organizational readiness as it does on the physical assets. Our objective is therefore to ensure that once installation is complete, the transition into trials, customer qualification, and commercial production is as efficient as possible.

At Nehru, our focus continues to be on improving throughput from the existing asset base. We are working on line balancing, reducing changeover time, improving material flow, and removing operational bottlenecks. The emphasis is on improving productivity and asset utilization before adding further capital. At the group level, we are progressively moving towards a more integrated operating model. Engineering practices, manufacturing methods, and testing protocols are being standardized across facilities, and capabilities developed in one business are increasingly being shared across the group.

Procurement is another important area of integration. We have appointed a Chief Procurement Officer with a mandate to consolidate group purchasing, aggregate volumes, rationalize supplies, and standardize common specifications. As our scale increases, we expect this to improve both cost efficiency and supply chain resilience.

On technology, HVDC remains a major strategic focus. We continue to strengthen engineering depth, simulation capability, and specialist talent while progressing through technical qualifications

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and customer audits with global OEMs and utilities. These qualifications expand our addressable market and improve our ability to participate in increasingly complex programs.

At {? Endoks ?}, the energy storage business is seeing strong market traction, with inquiry levels ahead of our original expectations. This reflects the broader acceleration in utility-scale storage procurement across several markets. More broadly, the demand environment remains supportive across our portfolio, driven by transmission expansion, renewable integration, HVDC and FACTS deployment, grid modernization, energy storage, and data center power infrastructure.

Our priorities for the coming quarters are therefore clear: complete machinery installation at Sangli, address the remaining last-mile dependencies, prepare the facility for customer qualification, improve throughput across existing plants, realize group-level procurement and operating synergies, and continue strengthening our engineering capability. We are investing ahead of demand because we see a significant opportunity moving forward. Our focus now is disciplined execution and converting that investment into sustainable growth, stronger operating efficiency, and improved returns on capital.

Rajesh Jayaraman – CFO: Thank you, Sanjog, and good afternoon to everyone on the call. Revenue for the quarter was Rs.256.4 crore, a 19.3% growth over last year. Gross profit was Rs.121 crore, with gross margin improving to 47.2% from 44.6%. Reported EBITDA was Rs.64.7 crore at a margin of 25.2%. Profit before tax was Rs.59.4 crore, and profit after tax was Rs.46.7 crore. EPS increased to Rs.4.66 from Rs.3.12.

Management: I would first address the Ind AS 29 impact on our Turkish operations. Other expenses include a {? Rs.7.82 crore ?} net monetary loss arising from hyperinflation accounting. This is entirely non-cash. Excluding this adjustment, EBITDA would have been Rs.72.5 crore at 28.3%, PBT would have been Rs.67.2 crore, and PAT would have been Rs.54.5 crore. The reported numbers are statutory, but the adjusted numbers provide a better view of the underlying operating performance.

On margins, there are a few important points. First, our increasing group scale is beginning to translate into procurement efficiencies. Approximately Rs.3 crore of volume discount benefited the quarter as we increasingly procure materials at the group level. Second, raw material movements affect our businesses differently. Mehru has a shorter manufacturing cycle, so changes in input prices are reflected relatively quickly. Quality Power's coil products have a longer manufacturing cycle. Materials being consumed today largely relate to orders booked several months earlier. Consequently, current raw material movements will flow through the standalone financials primarily during Q2 and Q3. Importantly, every executable order currently in our order book has been booked above the margin guidance communicated to the market. We have not compromised pricing discipline to build volume.

We also want investors to factor in the commissioning of our new Sangli capacity. Fixed costs such as depreciation, manpower, power, and factory overhead will come into the P&L before utilization fully ramps up. We therefore expect some temporary moderation in standalone margins, particularly in Q3. As utilization increases over the next 15 months, we expect these costs to be progressively absorbed and margins to normalize.

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Our consolidated order book at the end of June was Rs.1,945 crore, approximately 1.9 times last year's revenue. Endoks contributed Rs.801 crore, Mehru Rs.585 crore, and Quality Power standalone Rs.553 crore. This provides strong visibility as we bring additional manufacturing capacity online. Finance costs remain low at Rs.1.4 crore. Depreciation increased to Rs.3.9 crore and will rise as Sangli's, the ZTT magnet wire facility's, and Endoks' power conversion systems facility's assets are capitalized.

Cash balances have reduced because we are funding this expansion largely through internal resources rather than debt. The board has declared an interim dividend of Rs.0.25 per share. Finally, confirmatory due diligence on Win-Win Specialty Insulators has been completed, with nothing adverse identified. At an enterprise value of approximately Rs.315 crore, the transaction remains comfortably within the group's balance sheet capacity.

Overall, the strategy remains straightforward: maintain pricing discipline, invest ahead of demand, use group scale to improve operating efficiency, and continue building Quality Power as a global high-voltage and power quality technology platform. With that, I will hand the call back for questions. Thank you.

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

The first question is from the line of Vedic Sarkar from Unifi Capital. Please go ahead.

Vedic Sarkar – Unifi Capital: Hi, good morning, and congratulations on a strong quarter. I have a couple of questions. Could you break up the quantum of your year-on-year growth between Endoks, Mehru, and Quality Power? I am sorry, I did not quite catch the CFO's comments on the margin pressure in Q3 FY27. Could I request you to repeat that? Thank you.

Management: I may not have the year-on-year figures for each individual company, but I can give you some rough estimates that I know. Year-on-year, I think Quality Power went from 37 crores to 69 crores. Mehru went from about 60-odd crores to about 83 crores, and I do not remember the exact figure for Endoks, but Endoks contributed about 107 crores to this revenue. All the Indian entities increased their revenue. The Turkish companies had a slight dip in revenue, primarily because it is the middle of the year and they had Eid holidays for 2 weeks in between. That was your first question, sir. For the second question, could you repeat it, if you do not mind?

Vedic Sarkar – Unifi Capital: I was trying to understand the CFO's comments on the margin pressure that he said would affect us in Q3 FY27. Could you repeat that, including the exact line items where we will face pressure and how exactly we should consider our margin trajectory in the second half?

Management: The margin profile for the reactor or coil products business, as Mr. Rajesh indicated, is as follows. For Mehru, whenever there is an increase in copper or oil prices, the impact is immediate because the cycle time is about 8 weeks. It comes through during the quarter. For

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somebody like Quality Power, when there is an increase in aluminum prices in this quarter, it normally affects us about 6 months later because we buy aluminum today and, by the time it goes into winding, it is almost 4 or 5 months later.

The cautionary note was regarding Q3, where any impact from this quarter, because aluminum did have a spike this quarter, would come in Q3. The stable guidance for the coil products business is about 20%. As he indicated, most of the orders that are booked are in excess of 25%, but this is more of a cautionary statement rather than a real-world scenario at this moment.

Vedic Sarkar – Unifi Capital: That helps, Mr. {? Panwar ?}. I have one last question, if I may. For Quality Power, my understanding is that our typical execution timeline for an order book is between 4 and 6 months. Given that our plants are due for commissioning during the latter half of this fiscal year, by when do you think our order book will reflect our enlarged capacities again? I understand that we have been constrained for some time because of capacity limitations, but by when do you think we will be in a position to increase that again?

Management: We are targeting two HVDC projects. One is Uppar, which has already been awarded, and I believe it is scheduled for Q3 or Q4. Barmer is close to tender completion this quarter. These are the two HVDC projects that we are planning for. There are about six STATCOM projects across the US, Europe, and Australia with which we are in discussions. We already have a couple of STATCOM projects in the US.

Apart from that, data center opportunities typically involve 100 million-dollar bids. We are still facing challenges there because the delivery periods are about 12 months. Once, in about 3 months, during the next quarter, we are slightly more comfortable after taking over the new facility and stabilizing it, we will take in more orders. Believe me, this facility is quite large. If you visit it, it takes about 600 meters to walk from one corner to the other.

Once we are able to stabilize the facility, we will take in more orders. Getting orders is not a concern for us at this moment. For example, in Endoks, if we could simply open up the facility, we could get more orders if we were able to deliver more. The factory is still not ready. Each of the factories currently has more than 2 years of order book, or close to 2 years of order book, and the last capacities are still being developed.

Vedic Sarkar – Unifi Capital: Thank you. I will get back in the queue.

Management: Thank you.

Operator: Thank you. The next question is from the line of Rahul Maheshwari from Ambit Investment Advisors. Please go ahead.

Rahul Maheshwari – Ambit Investment Advisors: Good afternoon, Mr. {? Panwar ?}. Excellent set of results. I have 2 questions. First, when can we expect the Sangli coil facility and the HVDC magnet wire facility to be commissioned, and what peak asset turns can be expected from these 2 facilities?

Management: Machinery installation is already underway. I believe we are also having a house-blessing ceremony at the factory this week. We still have to obtain the building completion

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certificate from the authorities, and I think the process is underway. As soon as we receive it, I think we will be able to begin trial production at the facility.

Obviously, the initial audits for ISO 9000, ISO 14000, and OHSAS have to be completed. That will take us about 1 month. After that, we will begin the customer audits, and we may have, as I referenced, about 60 audits at the facility before it can take over the full volume of the existing factory. We have to schedule these one by one. These are global audits, and it will take us, as we guided, about 6 months from the day we begin opening the facility for audits. These are highly regulated products, and every customer has to come and review the facility.

However, having said that, I think we have timelines for delivery of some of these large HVDC orders. Therefore, I believe we will start opening up, as Mr. {? Sarkar ?} said, perhaps in Q3 this year to take in more orders once we are comfortable. Regarding the asset turnover of this factory, we have still not fully capitalized it or invested the full capital. However, I would say that the facility is good enough to deliver 1,500 to 1,800 crores.

Rahul Maheshwari – Ambit Investment Advisors: And what about the HVDC magnet wire facility?

Management: The machines are already in place. This is a new product for us, so we anticipate that it will take another 3 months of trial runs, and we expect that by Q4 of this year we will be able to achieve full production from the facility. Bear in mind that the machinery has arrived and will also be installed. We have power, we have everything in place, including the licenses. All the ISO certifications and audits will also be conducted at the facility. However, because this is a new product for us as a company and as a team, I think we have to allow 3 to 5 months for stabilization.

Rahul Maheshwari – Ambit Investment Advisors: My second question is how we should look at the order book in terms of execution, given that it is a good order book size and capacity ramp-up will also take place. When can we expect the majority of the order book execution to take place? If you can give us a staged schedule in terms of percentage, that would be helpful.

Management: This order book, Rahul, is scheduled for completion over the next 15 months, give or take. That gives you an idea of how much we can execute. That gives you a rough idea.

Rahul Maheshwari – Ambit Investment Advisors: Can we expect the order-book-to-bill ratio to be maintained near these levels going forward for the next 1 to 2 years?

Management: I would not commit to that, but we will try our best. The order book demand is good enough. Some businesses, such as BESS, can scale up much more easily today. As I said, we have a 4-gigawatt facility in Turkey, and we have almost 1 gigawatt in our order book. We will see ramp-up as we start delivering products from the facility. First, we need to deliver the products from the factory before we start making further commitments.

Rahul Maheshwari – Ambit Investment Advisors: Best wishes to you and your entire team. Thank you.

Management: Thank you, Rahul.

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Operator: Thank you. The next question is from the line of Nemish Sundar from Elara Capital. Please go ahead.

Nemish Sundar – Elara Capital: Good afternoon, sir, and many congratulations on an excellent set of numbers. Continuing on the BESS segment, could you explain in a little more detail your current BESS capacity, probably in volume or revenue terms, as of now, as well as the new facility that you are building at Endoks for BESS? What scalability for BESS do you expect from this facility, in revenue or volume terms?

Management: My current estimate is that we have about 60 million dollars, give or take, of BESS or PCS orders in our pipeline. We are anticipating another 40 million dollars over the next 12 months at least. This is in line with the guidance we gave earlier, that we see at least 80 million dollars of business coming in.

At this moment, our focus is to operationalize the facility and deliver more. Once we are able to deliver more, generating revenue from BESS will not be a significant problem. The demand for PCS in the world is very high. Most governments are still focusing on manufacturing basic batteries, cells, and cell technologies. The power electronics, software, and hardware components are normally missed out, and there are very few players in this business.

The bottlenecks continue to be IGBTs across the world. As we are able to secure supplies, we should also be able to deliver faster. We are also likely to bring BESS to India by the end of next year. As opposed to what we guided 2 years ago, once we stabilize most of our businesses in India by the end of next year, we would like to start BESS in India, specifically PCS for the Indian market.

Nemish Sundar – Elara Capital: In addition to those markets, sir—

Management: Okay.

Nemish Sundar – Elara Capital: Is the execution cycle for WS similar to that of the core business, at around 12 to 15 months?

Management: No, these are very fast-moving products. I think most orders would be executed in 6 to 9 months.

Nemish Sundar – Elara Capital: So would the working capital cycle also be around the same period, with cash being realized during that period?

Management: Correct. It is a fast-moving product.

Nemish Sundar – Elara Capital: My second question is on Win-Win Insulators. You highlighted the acquisition cost and the asset breakup in the presentation. On the revenue front, could you give us an idea of how much the entity is currently doing, what the margins are, and what the plan is? Would it be fully used for internal purposes, or do you foresee other applications as well?

Management: Nimesh, we are quite conservative in the way we sell internally. Each division buys internally from the cheapest source and not from its home source. Each division also has to sell at the highest margin, even to the internal factory. Therefore, I would not say that this business is

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simply a form of backward integration.

If I buy at market prices, then yes, we get allocations. The internal demand for this product is about 40 to 45 crores per year, which is what this business would receive if the margins are similar, give or take. Right now, for the insulators business, we are targeting about 200 crores of orders over the next 9 months. That is the target given to the team.

We are currently focusing on qualifications and type tests. We completed type tests during the last 1 month up to 220 kV. Testing for 400 kV and 765 kV is scheduled for the next few months. We have also already received orders for 800 kV and 765 kV DC insulators for HVDC projects in India. The customer audit is taking place at the facility as we speak.

Our intention is that the facility should first be staffed with the right people and the right team, after which we will start pushing revenues. I think the factory should initially be good enough for about 300 to 400 crores per year. We are also starting capex at the factory very soon.

They have 2 products. One is composite insulators, which are very well covered. The second product is porcelain insulators. The other product they have is a composite insulator that they normally use for bushings. They have a type test from KEMA Netherlands for 400 kV composite insulators. We are also likely to scale up that business significantly.

Therefore, the strategy is currently being developed because we have still not acquired the business and there is not much funding in the factory. At present, the focus is on strategy, qualification, and internal type tests.

Nemish Sundar – Elara Capital: Would the margins be similar to Mehru initially, followed by an effort to scale them up in the upcoming quarters? Would that be the approach?

Management: Yes, I think the margin profile would stabilize in about 4 quarters from the date of acquisition. You have to give us about 4 quarters. What we see at this moment is a margin of anywhere between 15% and 25%. The gap is very large because we still do not have everything under our control. Once we are in control, we will narrow down the margin percentage.

Nemish Sundar – Elara Capital: Is there any tentative date by which you expect to finalize the acquisition, including consolidation and everything?

Management: I think consolidation will happen from Q4, not before that, primarily because, as this is an SEZ property, it will require several secretaries to sign off in Delhi. It is a bureaucratic process in India, so we will have to bear with it.

Nemish Sundar – Elara Capital: Thank you very much. I will get back in the queue.

Operator: Thank you. The next question is from the line of Darshil Zaveri from Crown Capital. Please go ahead.

Darshil Zaveri – Crown Capital: Good evening, sir. Thank you for taking my question. Firstly, congratulations on a great set of results in a challenging environment. I wanted to know what revenue guidance we can expect for FY27. Based on the order book, I think we can have significant

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growth this year as well. Could you quantify that? Can we reach around 1,400 crores by the end of this year?

Management: Darshil, we have guided to 20% at this moment, and we will stick to that guidance. Perhaps in Q3 we can look at revising the numbers. It is very early in the year, and I do not want to commit to things I cannot honor. I would rather err on the side of caution than be aggressive on this.

We have the order book, and we will build our order book further as we proceed. However, as I said, many of these factories are yet to be fully commissioned. Therefore, please bear with us. We are a factory where quality, people, systems, and everything else have to be established, and these things cannot be achieved overnight. Please bear with us; we will try to do our best.

Darshil Zaveri – Crown Capital: What would be the overall margin guidance? Q1 has also been strong in a difficult environment, so could you help us with that?

Management: Please model us at 20% or high-teens EBITDA. We will always try to deliver better.

Darshil Zaveri – Crown Capital: Are we maintaining the 50% growth guidance for FY28?

Management: I think you can start looking at our order book and the delivery timeline, and you can start combining the data on that basis.

Darshil Zaveri – Crown Capital: That is all from my side. Thank you.

Management: Thank you, Darshil.

Operator: Thank you. The next question is from the line of Naman Parmar from Neushe Investments. Please go ahead.

Naman Parmar – Neushe Investments: Good afternoon, sir, and congratulations on a great set of numbers. Firstly, I wanted to understand the update on the new products, namely GIS and the grading capacitor capacity used in switchgear.

Management: The plant is being installed as we speak. I think the new plant for GIS manufacturing should be ready this quarter with all the required clean rooms. Substantial investments are going into it. The grading capacitor trials are also underway. We are yet to receive slots for the type-test dates from the laboratories, and we are waiting for that.

The product itself is ready. Perhaps in the next quarter we will try to provide some photographs of it. It is on track, and we should start seeing some results soon. I think the first product we will test will be 220 kV GIS components, followed by 400 kV and 765 kV over the next 1 year.

Naman Parmar – Neushe Investments: Secondly, on the bookkeeping side, how much was the foreign-exchange gain in other income? Could you elaborate?

Management: I think we had a loss of 8 crores or 7.5 crores, not a gain.

Naman Parmar – Neushe Investments: That was the hyperinflation accounting entry, correct? It was non-monetary. I am asking about any foreign-exchange gain or loss on receivables or anything else.

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Management: Nothing. Nothing. Nothing. Zero.

Naman Parmar – Neushe Investments: Understood. Lastly, on the margin side, could you help me understand the EBITDA for Endoks and Mehru in the current quarter?

Management: Mehru delivered about 18% this quarter. Our internal target was approximately 22–23%. However, the copper and oil prices that came in during April had a direct impact. I believe we should increase the guidance for Mehru above the 15% we had indicated earlier. I think our revised guidance for Mehru would be around 18%.

Naman Parmar – Neushe Investments: And for Endoks?

Management: Around 18% going forward for Mehru.

Naman Parmar – Neushe Investments: No, that is for Mehru. What about Endoks?

Management: For Endoks, you will have to give us some time. The current product lines in which they are already present, such as STATCOMs, SVC, and automation, are normally around 25%. With BESS coming in, we will have to assess the position. The products have not yet been shipped from the factory. I can answer this better in Q3, once we know how the blended margins look.

Naman Parmar – Neushe Investments: Lastly, you mentioned that you are raising capital. Could you help us understand what the funds will be used for and what the current debt structure is?

Management: I do not think we have much debt. One moment. Total debt as of last quarter was approximately 23 crores at the overall group level. That is also working capital at some subsidiary level. Most of the companies have cash, although that cash is held at the subsidiary level.

We are raising capital to close the WS acquisition. We are also proposing 50 crores of capex at that location to enhance capacity. We have about 40 acres of land available for development in the SEZ. It is a beautiful campus; I had shared a video of it. We are putting 50 crores there, and we have started working on several projects in America.

We want to set up a US sales team and a sales office, so we would be deploying funds for that. We are also working on some next-generation technologies in those markets. Therefore, we are raising money for our entry into the US because the US needs to be funded adequately. Otherwise, with only 1 or 2 people, we will not be able to achieve the results we want. That is the primary requirement for the funds.

Naman Parmar – Neushe Investments: How much will the total fundraise be?

Management: We have not specified a number, but it will be less than 500 crores.

Naman Parmar – Neushe Investments: Thank you very much for answering all my questions. Best of luck for the future.

Management: Thank you.

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Operator: Thank you. The next question is from the line of Ankit Jain from Anand Rathi. Please go ahead.

Ankit Jain – Anand Rathi: Good evening, sir. Congratulations on delivering a very solid set of numbers. I have 2 questions. First, I believe you have started marketing Mehru's products globally. How has the product been received? Are you seeing more traction from Europe or the US? If the traction is good, would we need any further capacity expansion in India to cater to those markets?

Management: Mehru has received many orders, but they are already fully occupied with a large number of orders. At this moment, I think they are supplying 1 in 2 high-voltage instrument transformers required in this country. They have been a vital part of the entire Indian grid system. Customers are now writing more framework orders rather than small order packages.

Therefore, we do not have much additional capacity coming from Mehru's current facilities. I think they will reach 100% utilization very soon. We are evaluating a facility in Turkey. I was in Turkey a couple of weeks ago and looked at the site and the space available to us. We had also shared some photographs of the facility.

One option is to build a facility in Turkey for the European markets, serve the US from India, and serve the rest of the world from Europe. Another option is to look at the piece of land we have in Vizag and develop it specifically for all exports through one separate business.

The advantage of WS is that we have 40 acres of land on the campus, apart from the insulator factory, for doing whatever we want and building a large campus around this facility. These are the decisions we are evaluating. We have about 6–7 months before we make a final decision.

Ankit Jain – Anand Rathi: Understood, sir. To cater to the European market, would we need to set up a manufacturing facility there, or can we fully serve the market from India or Turkey? Is there any localization requirement that we might need to consider?

Management: Most markets are inward-looking in the way they formulate their policies and tender documents. Europeans normally prefer a company of European origin rather than a company from any other part of the world. Americans are relatively open to vendors from anywhere in the world as long as the quality and systems are in place.

Therefore, I believe the US can be served from India. For the European market, which is experiencing a different level of a boom right now because of renewable energy, we would definitely need a facility somewhere in the European region. That is one of the reasons why we are also interviewing candidates, because setting up such a facility would be a very large greenfield project.

We are taking our time to make the decision rather than rushing into it. However, we are already supplying the Denmark grid from Mehru this quarter, and we will soon receive more business from the Swedish grid.

Ankit Jain – Anand Rathi: Understood. If I can ask one quick follow-up, you mentioned that you are hiring for procurement across the group. How does that help us? Will it lead to better negotiation? Can we see some margin accretion when procurement is consolidated?

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Management: As the scale increases, we are seeing why we need to start negotiating together. To give you an idea, consider aluminum castings. We buy about 15 or 20 crores of them at Mehru. At WS, with approximately 250 crores of revenue, we would end up buying almost 50 crores of castings. Similarly, Sukrut buys about 10 crores of castings, and Quality Power also buys castings.

If all of them are negotiating with 4 different vendors, why not have a framework agreement with one vendor to obtain the benefit of scale and cost? This is part of the natural progression of becoming a larger company. At some points, we need to consolidate, while at other points we need to retain freedom at the factory level. I think we will find an equilibrium over the next few years.

Ankit Jain – Anand Rathi: Understood, sir. I am glad to hear that you are moving in that direction. Thank you very much and best wishes.

Operator: Thank you. The next question is from the line of Lovish from Berman Capital Management. Please go ahead.

Lovish – Berman Capital Management: Thank you for the opportunity. My question is related to the Sangli facility. I did not fully understand what led to the delay in starting production. Could you help me understand the current status and when we plan to start commercial production?

Management: Technically, commercial production can start on the day we receive clearance from the utility and the authorities.

Lovish – Berman Capital Management: Which authorities are you referring to?

Management: The pollution control board, the factory inspector, the building completion certificate authorities, the MIDC, and all the local authorities. The last-minute checks and balances are being completed as we speak.

I think we have guided that we are trying our best to start commercial production this month, perhaps in small volumes and not in very large batches. The reason we call it a trial is primarily that, because this is a regulated product, I cannot start producing everything overnight in this new facility. Customers want the product only from an approved facility, and obtaining approval for this facility is what takes time.

Lovish – Berman Capital Management: Understood. What is the timeline for obtaining these required approvals?

Management: We have guided approximately 6 months because, within our initial scope, we have about 60 global audits lined up.

Lovish – Berman Capital Management: Would we need all these audits at one time, or can we start ramping up production as and when we receive the approvals?

Management: Our first focus is on the orders we are executing. Let us assume that we are executing the Adani and PowerGrid HVDC projects. After obtaining the ISO certifications, our first focus will be to obtain the Adani and PowerGrid HVDC approvals.

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For that, I first need to obtain Hitachi's global approval for the facility, which involves about 5 or 6 audits. Then we have the Adani audit and a PowerGrid audit. That itself involves about 8 audits before we move to the next project. We are prioritizing the orders based on which project is coming into manufacturing first.

Lovish – Berman Capital Management: Understood. On the Win-Win acquisition, I wanted to understand the rationale for the acquisition, because backward integration seems to be only a small part of it. What was the rationale, and how do we plan to turn around this facility? From what I understand, this is a closed plant, and we will have to spend some time ramping it up.

Management: Good question, {? Lokesh ?}. This facility will require some management time to turn it around. It is a very large factory, as large as a cement factory. Insulators are a capex-heavy business, unlike the asset-light businesses of most engineering companies.

Whether we are in data centers, high voltage, low voltage, or any other part of the business, insulators are something that we cannot operate without. If you go to any substation, the first thing you see is the brown porcelain. We have been finding that there is internal demand for insulators, which is slowing down our growth. Across the board, every large multinational that is guiding for growth is also getting stuck because of this.

As we increase the scope of our products, we can leverage or barter their growth against the supply of insulators to them. Second, there are very few insulator manufacturers globally. I think there are about 4 or 5 in India and perhaps another 8 or 9 globally. Nobody is expanding, and no new vendor is entering the market. This means that, as we see the grids operating, the demand-supply mismatch for insulators is going to become even more extreme.

Whichever business we enter or acquire will have a problem with insulators. This acquisition helps us increase the throughput of our existing businesses and also use the insulator business as leverage. The amount I paid for the business itself is about 50–60 crores. If you look at the valuation, we also obtained a huge piece of land where we can expand. The building is effectively free. Only 8 acres of it is occupied by the facility.

Therefore, I did not pay very much for the business itself. I think that within the next 2 years, I should be able to recover my investment.

Lovish – Berman Capital Management: Understood. One last question: if we look at the standalone business, gross margins have increased significantly this quarter. What led to this, and is it sustainable going forward? I understand that there may be increased operating expenses because of the new facility, but is the gross margin sustainable at these levels, or will we return to the levels of the last fiscal year?

Management: As I said, we have traditionally achieved about a 25% margin in this factory, even if you look at the last 6 quarters, give or take. That is where we have been. Sometimes it is higher, but I do not expect it to be lower than that.

I cannot really comment because there have been sharp increases in prices. The dollar is also depreciating or appreciating significantly, and many of our orders are exports. We will have to see

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how this develops. We have always exercised caution, and my colleague Rajesh has also exercised caution. Therefore, please do not build your expectations based on these numbers. Build your expectations based on the numbers we have guided. We will always try to do better.

Lovish – Berman Capital Management: Understood. One small follow-up on the standalone business: can we expect around a 20% EBITDA margin or somewhere close to that, given that there will be some costs from the new facility?

Management: Standalone?

Lovish – Berman Capital Management: Yes, sir.

Management: Standalone should be good enough for that.

Lovish – Berman Capital Management: Understood. Thank you very much.

Operator: Thank you. The next question is from the line of Jagjeet from Genuity Capital. Please go ahead.

Jagjeet – Genuity Capital: Thank you for the opportunity, and congratulations on the good set of numbers. I have 2 quick questions. First, regarding the fundraise of close to 500 crores, what is the timeline? By when are we targeting to raise 500 crores?

Management: I think we may attempt to raise it this month. Before the AGM, our intention is to reduce bureaucracy for my team so that we can hold both AGMs together. I believe we will start the roadshows from the 20th of this month.

Jagjeet – Genuity Capital: Understood. Regarding the Sangli ramp-up, by when are we targeting to commence operations at the new facility that we are setting up?

Management: Commencement is subject to the required approvals from the authorities. As I said, our house-blessing ceremony is scheduled for the 13th and 14th of this month.

Jagjeet – Genuity Capital: Can we expect to start generating revenue from this plant from Q2?

Management: I would say you should start looking at Q3. Some revenue will begin to trickle in, and Q4 is when you will see some meaningful contribution.

Jagjeet – Genuity Capital: How much are you targeting from this unit?

Management: At this moment, our first focus is to get the factory in order before we revise our targets. Please stick to the 20% group guidance that we have given. Thank you.

Jagjeet – Genuity Capital: Thank you. All the best.

Operator: Thank you. The next question is from the line of Nakul Gupta from Shikharchi Advisors. Please go ahead.

Nakul Gupta – Shikharchi Advisors: Am I audible?

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Management: Yes, sir.

Nakul Gupta – Shikharchi Advisors: Good afternoon, sir, and congratulations on a great set of numbers. I want to understand the accounting treatment under Ind AS 29. If we are adding back the expenses, should we also add back the asset base? What would be the asset base of the Turkish operations if we made the adjustment before Ind AS 29?

Management: We are not able to understand your question, sir. Could you please repeat it?

Nakul Gupta – Shikharchi Advisors: If we are deducting the expense and adding it back to the P&L because of the Ind AS 29 expense statement, then, consequently, under the double-entry treatment, the asset base should also be increased in the Turkish division. Is there any figure for the revised asset base or the asset base before the Ind AS 29 adjustment in Turkey?

Management: Asset base?

Nakul Gupta – Shikharchi Advisors: Yes, sir.

Management: You will have to give us some time on that. If you can write to me, we will definitely reply. I do not think we have the data on hand. If you send us an email, I will ensure that my team responds to you before this evening.

Nakul Gupta – Shikharchi Advisors: I will do that. That is all from my side.

Operator: Thank you. The next question is from the line of Rohit Taparia, an individual investor. Please go ahead.

Rohit Taparia – Individual Investor: Good afternoon, sir. I have a couple of questions. First, regarding the Endoks manufacturing facility, what is the peak revenue potential and its contribution in FY28?

Management: For a high-technology product, we do not invest too much. As I said, at this moment the entire facility is costing us about 2 million dollars. Give or take, we may spend another 1 million dollars. I think the factory is good enough for at least 70-80 million dollars of revenue. That is the scale it can support. Yes, that would be the guidance for that facility.

Rohit Taparia – Individual Investor: Is that for FY28?

Management: No, you asked me for the peak revenue, and I gave you the peak revenue. I did not say when that revenue would be achieved.

Rohit Taparia – Individual Investor: What contribution can you provide for FY28?

Management: You will have to give us some time. As I said, the factory is still not operational. Civil work is ongoing, including the interiors, flooring, conveyor belts, and anti-static coating. There is a lot involved because this is a power electronics facility and it requires significant interior work. It is underway.

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Once we are able to ship products for a quarter or two, we will be in a better position to provide guidance. At this moment, I would be shooting in the dark if I gave you a number.

Rohit Taparia – Individual Investor: Regarding Win-Win Specialty, when will the recently acquired business start contributing to the numbers, and what will be the peak contribution without capex and with capex, as you mentioned on the recent call?

Management: We will most probably start consolidation in Q4 this year. Without capex, I think it should generate between 250 and 300 crores. With capex, I believe it will generate approximately 450 to 500 crores. However, the capex is not only for porcelain; it is also for composites, adding capabilities beyond simply increasing product volume.

Rohit Taparia – Individual Investor: What would be the peak revenue potential of the Sangli plant?

Management: Hello?

Rohit Taparia – Individual Investor: For the Sangli plant, what would be the peak revenue potential?

Management: Hello? Hello? Hello? Am I audible?

Rohit Taparia – Individual Investor: Yes, sir. What would be the peak revenue potential for the Sangli plant?

Management: As I said, about 1,500 crores, give or take.

Rohit Taparia – Individual Investor: 1,500 crores. And for FY28?

Management: No, sir, that is the peak potential. For FY28, we have given guidance of 50%.

Rohit Taparia – Individual Investor: 15%?

Management: Five-zero.

Rohit Taparia – Individual Investor: Thank you, sir.

Operator: Thank you. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the conference, please limit your questions to 2 per participant. The next question is from the line of Bhavya Shah from 3A Capital Services. Please go ahead.

Bhavya Shah – 3A Capital Services: Congratulations, sir, on the great set of results. The government has recently allowed 4 Chinese companies to bid for HVDC contracts. How much will this affect our business?

Management: Good afternoon. I am not aware of the news that 4 Chinese companies have been allowed to bid for HVDC contracts. I discussed this on a Motilal Oswal call and have also written about it.

The 4 companies you are referring to, if I am not mistaken, are Chinese companies that have already invested in India and use Indian raw materials. One was TBEA Power Transformers, which was already operating at full capacity and supplying most of its capacity to Reliance and Adani. It is

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allowed to quote for PowerGrid, but even in the last tender it did not participate.

Apart from that, there is a small composite string insulator factory, which I think is somewhere in Baroda. That company is allowed, along with 2 companies for GIS. I think Taikai and Pingao, one in Baroda and one in Vizag—or, sorry, in the northeast—are allowed.

None of these are operational factories at this moment. Most of these businesses have been dormant for the last 7 years, with very few people at the facilities. I think it will take a couple of years for them even to return to where they were 6 or 7 years ago. Most of these factories have been shut down for a very long time, without teams in place.

The government has also not reduced any local sourcing norms, which means that they still have to source 60–70% of their content domestically. Therefore, even the products they manufacture here will require domestic sourcing.

At this moment, we supply to TBEA in the transformer business through Sukrut. When Nepsie or Pingao enters India for GIS, we will supply the components that we have developed with Hyosung. Apart from that, I do not think we have any relationship with the other companies.

Bhavya Shah – 3A Capital Services: Thank you very much.

Operator: Thank you. The next question is from the line of Viraj from Moneygrow. Please go ahead.

Viraj – Moneygrow: Hi, Bharni. Congratulations on the fantastic results, and kudos to you and the entire management team for the energy and effort you are putting into capitalizing on the market opportunity. Could you provide some background regarding WS Insulators? Perhaps you could give us some history about the company, what went wrong, and what presented this attractive acquisition opportunity for you. Who owned it last, why could they not manage it, and why is Quality Power looking to step in?

Bharni: Thank you, Viraj. WS stands for Westinghouse. This is an American company that started in the 1960s in Chennai. This was by far the—

Management: —largest company in India for insulators, with a very glorious past, producing insulators up to 800 kV in India. Most of the insulators exported from India before 2000 came from this factory in Chennai.

When they were in downtown Chennai, they decided to shift the factory to Vizag, to the SEZ, because they were primarily exporting high-voltage insulators from India. During the shift, they had some labor problems in Chennai. When they shifted, Cyclone Hudhud hit the plant, and almost 240 crores of investment had to be written off at the plant. The insurance money was taken by the financiers.

The plant remained idle for about 6 or 7 years before a new group of investors acquired it through a slump sale and spent about 150 crores renovating the plant. They were able to do that and spent all the money they had. However, in the end, they also got stuck when the gas crisis hit, because they were losing about 2 crores a day as gas became very expensive or unavailable to us.

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That is when they decided that they needed a larger balance sheet to run the company. They have not really sold out. They had taken on debt in the market for that amount, which is what they are being paid, and they are exchanging the rest with us.

The management is joining us. They believe in the management in the same way that we were able to turn around Mehru. They want to participate in the growth, and we have also absorbed the management and the directors into our company. They believe that, through the shares they own, they will continue running the business along with us and will have a significantly better exit over time.

Viraj – Moneygrow: Does the technical team stay on with WS Insulators? That is the core of both the art and the science. Are the technical heads, plant heads, and R&D heads available to us?

Pandian: There are currently about 120 people at the plant. This plant was built by the Americans, the PPC team. This is one of the world's largest insulator companies. They built and rebuilt the plant, and they audited it. This factory is already supplying 765 kV-class insulators in America, although they are branded under a different brand.

We will stop the white-labeling very soon and enter all these markets ourselves. At this moment, we have already received many orders in the Indian market, including from PowerGrid, for 765 kV and 400 kV. We are working to obtain the approvals.

For us, it is a lockbox agreement until the date of acquisition. Any losses until then are for the owner's account. Therefore, the faster they execute, the easier it will be for us to fund the business. That is why we are proceeding with the closure.

We believe the legacy is quite good. WS Insulators is approved in more than 50–60 countries. Even recently, customers from Iraq, Abu Dhabi, and other locations reached out to us because the company is already approved for all these high-voltage applications. As soon as we became involved, we started receiving inquiries.

Viraj – Moneygrow: Will you always operate from the Vizag plant, or is the Chennai plant still running or available?

Pandian: No, the Chennai plant is closed. The Vizag facility has been rebranded as Win-Win, but they have the ability to use the WS logo perpetually for insulators. We will change it to Quality Power soon. However, all approvals, type tests, credentials, and other qualifications are inherited by the company.

Viraj – Moneygrow: Excellent. All the best.

Pandian: Thank you.

Operator: Thank you. The next question is from the line of Rajat G from Fortune. Please go ahead.

Rajat G – Fortune: Good afternoon, sir. My question is regarding the very long term. Do you have any vision for 2030 or 2035? I personally see our USP as an integrated specialist business with a long runway towards 10,000 crore of revenue. Do you have any forward-looking vision for that?

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Pandian: I have expressed it, Rajat. We would like to be the alternative to Hitachi from India—not compete with them, but complement them. I believe a country like ours requires 3 or 4 companies on the technology platform, similar to CG Power, where there are multiple products.

The differentiator between CG Power and us is that we invest in high-technology businesses and new businesses such as BESS, automation, HVDC, and FACTS, where we are building our strength. We believe this is where free cash is being generated, and we hope to generate substantial free cash.

When we generate this free cash, we intend to acquire similar complementary high-technology businesses in the high-voltage transmission space. Globally, Japan has Mitsubishi, Fuji, and Toshiba. France has Alstom, now GE. All large global economies have global multinationals. India has L&T, a fantastic engineering company with a civil background.

From the electrical background, globally, I think there needs to be an alternative, and we intend to participate in that race while generating significant free cash and avoiding mistakes along the way.

Operator: Thank you. The next question is from the line of Akhilesh Gupta, an individual investor. Please go ahead.

Akhilesh Gupta: Hello.

Pandian: Yes, Akhilesh.

Akhilesh Gupta: Am I audible?

Pandian: Yes.

Akhilesh Gupta: Thank you very much for the opportunity, and congratulations on a fantastic set of numbers. I have one question. There is a company within the Endoks group called Innovitas. They provide software for Turkcell and other companies. I wanted to know whether Quality Power has any licensing agreement with them or any future plans of that nature.

Pandian: No. We do not own Endoks. A couple of Endoks' directors have shareholdings in Innovitas. Innovitas is also owned by a company called Alpha Solar or Solar company. However, as directors in the group, we have always had a right to call for software if required.

They are primarily involved in grid automation and renewable energy integration software. They are not technically related to the high-voltage businesses we operate.

Akhilesh Gupta: Do we plan to enter that segment sometime in the future? It seems to have a high entry barrier.

Pandian: It is a very high-entry-barrier segment. However, regarding the kind of software and the front-end business involved, I do not see us entering it over at least the next 2–3 years. I believe there is a lot of runway in the high-voltage product space.

Even in substations, there are enough products that Hitachi, Siemens, and GE do not control or operate, where we could acquire companies at much lower valuations. Software companies do not

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trade cheaply, whereas I normally acquire businesses at much lower valuations. Therefore, I would focus on manufacturing, which is our core expertise at this moment. I would never say never, but not in the next 2–3 years at least.

Akhilesh Gupta: Along those lines, is there any increase in the partnership with Hyosung on the GIS front? We are currently making instrument transformers for GIS. Is there any expansion planned in that area?

Pandian: We are making instrument transformers. We are also entering the grading capacitor business. Now, with WS, we are entering the insulator and bushing businesses for GIS.

Do not forget that all transformer bushings require porcelain or composite materials. Therefore, for every transformer bushing that is made, support will be required from us in this country or anywhere else in the world. Similarly, GIS breakers use composite and porcelain components everywhere. Therefore, in the GIS ecosystem, we have increased our scope once again.

Akhilesh Gupta: Thank you very much, sir. That is all.

Pandian: Thank you.

Operator: Thank you. Due to paucity of time, we will take one last question from the line of Rahul Maheshwari from Ambit Investment Advisors. Please go ahead.

Rahul Maheshwari – Ambit Investment Advisors: Thank you once again for giving me the opportunity. Could Mr. Pandian explain the growth trajectory if we divide the business into 3 parts: power products, power electronics, and ancillary businesses? If you can bifurcate the growth across these 3 segments, how will the revenue mix change over the next 2–3 years?

Pandian: I think the highest growth will come from the power electronics sector because of the entry of BESS. The second growth area would be high-voltage power products.

As for ancillaries, even though we manufacture a lot of the items required because we build them internally, we do not receive credit for them because of the accounting standard. We are building considerable capacity in the ancillary business, including CTC HVDC high-voltage wire.

I believe that over the next 2–3 years, we should be doing at least 500 crores in aluminum wire, which is equivalent to about 1,500 to 1,800 crores in copper wires as a CTC business. Similarly, our components business in Sukrut has become extremely profitable for us this quarter.

We are also growing in the other businesses. A lot of internal consumption is not treated as sales. Therefore, I would not place too much emphasis on ancillaries at this moment. The ancillary business helps us scale the other 2 businesses. Power electronics should help us scale immediately over the next 2–3–4 quarters, and then power products will catch up.

Rahul Maheshwari – Ambit Investment Advisors: Will power products growth also be lower than power electronics going forward because the opportunity in power electronics is larger?

Pandian: It is not only the scope; it is also the supply chain. To give you an idea, even if I am able to manufacture my equipment faster, unless the large power transformer or other equipment reaches

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the site, the customer will not want to take delivery.

Globally, there is a shortage of many components. Therefore, the global growth rate for high-voltage substations is still much lower compared with BESS, where there is much less external influence on the product. Customers can take delivery much faster in the power electronics business.

Rahul Maheshwari – Ambit Investment Advisors: As a supplier to the end consumer, what is the biggest component shortage that is causing an extended supply chain?

Pandian: We are not a single-product company. We manufacture about 12 or 13 products, and every factory has its own set of concerns. That set of concerns changes every quarter.

If you ask me from where I sit, it is CTC cables. If you ask the BESS team, they will talk about IGBTs. The Mehru team is concerned about aluminum castings, while Sukrut is concerned about springs. It keeps changing. Therefore, I would not blame 1 or 2 components; we are managing the situation effectively.

Rahul Maheshwari – Ambit Investment Advisors: Thank you once again, and best wishes to the entire team.

Pandian: Thank you.

Operator: Thank you. Thank you, everyone, for joining this conference call. On behalf of ASIT C Mehta and Quality Power Electrical Equipment Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Pandian: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.