

KSH International Limited

[Formerly known as KSH International Private Limited]



INTERNATIONAL

08th January, 2026

The Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

The Manager,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051

BSE Scrip Code: **544664**

NSE Symbol: **KSHINTL**

Sub.: Transcript of the Earnings Conference Call held on Tuesday, 06th January, 2026 in respect of the Company's Unaudited Financial Results for quarter and half year ended 30th September, 2025.

- Ref.: 1. Regulation 30 and Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");**
- 2. Intimation of Earnings Conference Call dated 31st December, 2025 ("Earnings Call Intimation");**
- 3. Intimation of Updated Earnings Conference Call dated 02nd January, 2026 ("Updated Earnings Call Intimation");**
- 4. Intimation of Audio recording of Earnings Conference Call dated 06th January, 2026 ("Audio Recording Submission").**

Dear Sir/Madam,

Pursuant to above-referred Listing Regulations and in continuation to the Earnings Call Intimation, Updated Earnings Call Intimation and Audio Recording Submission, we are pleased to submit transcript of the Earnings Conference Call held on Tuesday, 06th January, 2026 in respect of the Company's Unaudited Standalone Financial Results for the quarter and half year ended 30th September, 2025.

The transcript has been hosted on the Company's website at: <https://kshinternational.com/investor-relations/transcripts/>.

You are requested to take this intimation on record.

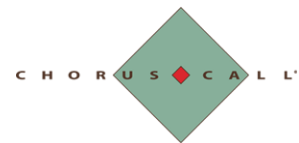
Thanking you,
For KSH International Limited

Sarthak Arun Malvadkar
Company Secretary and Compliance Officer
Membership No.: A28473

Encl.: As above.



“KSH International Limited
Q2 and FY '26 Earnings Conference Call”
January 06, 2026



MANAGEMENT: **MR. RAJESH HEGDE – MANAGING DIRECTOR – KSH
INTERNATIONAL LIMITED**
**MR. AMOD JOSHI – CHIEF FINANCIAL OFFICER – KSH
INTERNATIONAL LIMITED**
**MR. DHRUV CHOPRA – HEAD, INVESTOR RELATIONS –
KSH INTERNATIONAL LIMITED**
**MR. NAKUL PATIL – HEAD, SECRETARIAL & LEGAL –
KSH INTERNATIONAL LIMITED**

MODERATOR: **MR. ARCHIT JOSHI – NUVAMA INSTITUTIONAL
EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to KSH International Limited Q2 and FY '26 Earnings Conference Call, hosted by Nuvama Institutional Equities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Archit Joshi from Nuvama Institutional Equities. Thank you, and over to you, Mr. Joshi.

Archit Joshi: Hi, thank you. Good morning, everyone. On behalf of Nuvama Institutional Equities, I welcome you all to the Q2 FY '26 earnings conference call of KSH International. We thank the management for letting us host their con-call. We have with us today Mr. Rajesh Hegde, Managing Director; Mr. Amod Joshi, Chief Financial Officer; Mr. Dhruv Chopra, Head of Investor Relations; and Mr. Nakul Patil, Head, Secretarial.

Without further ado, I would like to hand over the call to Mr. Rajesh Hegde for his opening remarks, post which we can have a Q&A session. Over to you, sir. Thank you.

Rajesh Hegde: Yes, thanks, Archit, and good morning and wish you all a very Happy New Year. I would like to welcome all current and prospective shareholders to the KSH's debut earnings call for the second quarter and the first half of fiscal 2026. I want to once again acknowledge our Board, our team, our investors, and all our advisors for their support and the pivotal role they played in getting us to this point.

From here on, the onus now shifts to the company to set the strategy that will deliver long-term profitable growth and, as importantly, to execute said strategy in turn generating long-term value for all our stakeholders. Our second quarter and first half financial results, along with supporting information, have been submitted to the exchanges and uploaded to our website last evening. However, given that this is our first earnings call, I would like to spend a few minutes outlining who we are, how we are placed, and where we go from here.

We will then provide an update of the second quarter financial and operational highlights, as well as the recent developments, before opening up the call for questions. KSH International is a 45-year-old manufacturer of magnet winding wires, which is the most critical component of coils used in large and small electric machines. From power transformers down to the smallest compressors for AC and refrigeration and everything in between, this is where the coils are used.

We are the third largest winding wire manufacturer in India, with an installed capacity of 41,045 metric tons annual capacity, and we are also the largest exporter of winding wires from India. Once Phase II of our Supa expansion is completed in FY '27, we would have an installed capacity of 59,045 metric tons in place. We are a B2B company, servicing approximately 120 leading domestic and global OEM customers, and maintain long-term relations with these customers, resulting in more than 90% of our revenue being from repeat customers.

In fact, five of our top 10 customers have been with us for more than 10 years, and the oldest for close to almost 40 years. Our track record with our customers is our biggest asset. Additionally, our business is make-to-order, which means that we procure the copper and begin processing only after receiving a purchase order from the customer.

Thus, LME copper prices and exchange rate is a direct pass-through for us, and we do not take any exposure to short or long-term variations in the copper price. Roughly 75% of our revenue comes from large power transformers and medium power transformers used in generation, transmission, and distribution in renewables, railways, and in data centers, driven by our core product, which is continuously transposed conductors, or CTC, this product, which we are the market leaders in India.

CTC is a complex engineered wire product that goes through five or six precision technology steps, and fault minimization processes, to arrive at the finished product, unlike standard or round wires, which is essentially a two-step process. Additionally, all of our exports is exclusively to transformer companies across 24 countries.

A few incremental points I would like to highlight about CTC specifically are that we are one of the first companies to introduce and scale CTC in India almost 20 years ago as an import substitute, and have maintained our leadership in this product ever since. In addition, given our successful track record, we are approved for all classes of power transformers, including being the only Indian company approved to supply to HVDC 400 kV transformers.

CTC is what differentiates us from all our listed peers, and accounts for more than half of our specialized winding wire business. Why do we succeed? In an ultra-precision field, our long-term mantra has been that quality has to be built into everything we produce, not something that gets inspected at the end. This results in the quality and longevity of this product, most of which is still actively working out there in the field.

Coming back to the T&D sector, it is experiencing a structural long-term cycle driven by renewable energy, grid modernization, urbanization, and growing power demand for AI data centers. This is not just an India phenomenon, but it's a global one as well.

The primary bottleneck is the supply of power medium as well as distribution of transformers, which is driving capacity expansion by transformer manufacturers globally. But without high-quality winding wires, the transformer is just a sophisticated box. This is a demand environment in which we operate, and the reason why we began our capacity expansion efforts two years ago.

One of the key barriers to entry in our business is approvals from OEM customers as well as utilities. And we have approvals not only in India, but in each of the countries that we service. From inception, we have always been a manufacturer of specialized winding wires, which are used in transformers, railways, EV traction motors, wind generators, etcetera.

And it was only really in FY '22 that we expanded into standard or round wires to focus on specific applications such as compressors for ACs and refrigerators and EV traction motors for two wheelers. Our focus on power transformer benefits from the robust demand for the

foreseeable future, given substantial increases in local as well as global power generation, irrespective of whether it is traditional or renewable.

This is the further validation by publicly announced strong order backlogs and a capacity expansion plan by all of our core customers, be it BHEL, CG Power, Hitachi Energy, GE, Vernova, Bharat Bijlee, Siemens, Toshiba, or any other such transformer manufacturer.

Longer term, our investments in the specialized magnet winding wire for EV motors and certain types of standard wires should help us create a more diversified and balanced portfolio with sustainable growth and profitability. Shifting to exports for a minute, we have historically managed export contributions between 30% to 40% of our total revenue. In FY '25, this contribution was consciously brought down closer to 30% given our capacity constraints and certain high value opportunities in India.

Now that our larger capacity is in place, we can address the demand both in India as well as abroad. In summary, our key strategies to drive sustained growth is to grow volume from higher value-added segments like T&D, EV motors and exports. Then expand our international presence, including expansion with our global clients.

Then also to increase wallet share with existing customers and drive operating efficiencies through scale and backward integration. And lastly, to of course improve our sustainability efforts. Let me now turn to execution and our second quarter and first half FY 2026 performance.

We are delighted to report a record second quarter in our 45-year history across all key metrics. This performance not only sustains our first quarter trajectory but in fact improves on it, continuing our growth and profitability leadership amongst the listed peers in our industry. During the second quarter of FY '26, our revenue from operations of INR712 crores increased 50.7% compared to the same period last year.

Specialized winding wires represented 77% of our total revenue, excluding other operating revenue during second quarter of FY '26. Revenue from exports grew 21.7% compared to Q2 of FY '25 and represented 29.5% of the total revenue, excluding other operating revenue during the period. Second quarter FY '26 EBITDA of INR46.1 crores improved 74.2% year-over-year.

EBITDA margin in Q2 of FY '26 increased to approximately 6.5% up approximately 90 basis points from last year. As we have stated, reported margin can fluctuate due to the copper price. Given that copper is a pass-through, it is reflected in the revenue but also in the cost of sales.

Therefore, to evaluate the underlying progress of the company's profitability, it is more important to look at the unit economics of the business, which is EBITDA per ton. Thus, for second quarter FY '26 EBITDA per ton was approximately INR65,500 per metric ton on a consolidated basis and increased to 42.1% from INR46,000 per metric ton last year.

This improvement was driven predominantly by growing volumes of CTC and within that our focus towards higher voltage transformers, higher export volumes, better utilisations and fixed cost absorption.

During Q2 of FY '26 we reported PAT of INR29.6 crores up 128.9% from INR12.9 crores in Q2 of FY '25 and up 30.5% from Q1 of FY '26. PAT margin during the quarter was 4.1% compared to 2.7% a year ago, showing approximately a 140 basis point improvement. Diluted EPS for Q2 FY '26 was INR5.2 per share, growing 128.8% over the prior year.

I would now like Amod Joshi, our CFO, to go over some of the details on the IPO proceeds. Over to you, Amod.

Amod Joshi:

Thank you, Rajesh. Very good morning to everybody. I would like to wish everybody a happy new year. Coming back to the IPO proceeds, if everyone recalls, the company had raised INR420 crores in fresh issue proceeds from the IPO which had two primary uses, excluding the general corporate purpose.

The first was INR226 crores towards repayment of long-term and short-term debt. I am pleased to let you know that the company has already paid INR225.9 crores towards reducing its term debt as well as certain working capital lines. The benefit of this will become visible going forward.

Repayment of this debt also further enhances the balance sheet and the financial position of our company, thus allowing us to focus on our growth and further establish our leadership in key end-use industries such as T&D and EV motors. The second primary use of the fresh proceeds was INR97 crores which was towards capital expenditure in Supa and Chakan plants as well as installation of the rooftop solar power plant at Supa.

Orders and advances for some of the machines have already been put in place and we expect deliveries of this equipment to happen over the course of next 15 months. Given the current demand and environment in the T&D sector, our endeavour is to ramp up the CTC capacity as quickly as possible and bring some of the standard and EV wire machines over the course of FY '27.

Once completed, we would have more than doubled our capacity from 29,000 metric tons to 59,000 metric tons. Now with that, I would like to hand over the call back to the moderator to open up for questions.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Nidhi Shah with ICICI Securities. Please go ahead.

Nidhi Shah:

Thank you so much for giving me the opportunity to ask questions. My first question would be whether you could provide us with the breakup of specialized and standard wires in terms of volumes and what has driven this growth in volumes we are seeing via wires?

Amod Joshi:

Specialized and standard winding wires?

Nidhi Shah:

Yes.

- Amod Joshi:** So, revenue from specialized is around 77% of the total sales in Q2 of FY '26. And the growth over specialized between the two quarters has been almost 20% on the specialized front. And yes, almost 20% on the specialized front.
- Nidhi Shah:** So, you mentioned that this is volumes, right? The volume growth?
- Rajesh Hegde:** Yes.
- Nidhi Shah:** Okay. And what has driven this volume growth and how much of the current volumes in specialized come from Power T&D?
- Rajesh Hegde:** Yes. So, almost when you look at the specialized, almost everything comes from the Power T&D, wind generator and railways is what we talk about, you know. So, it's not just the Power T&D, it's also the transformers that go into the railways. So, that basically comprises of the specialized winding wires that we manufacture.
- Nidhi Shah:** All right. Also, in the press release, you mentioned that the company has exclusive licensing of HPW's PEEK wires. Could you provide us with some details on what capacity are we looking to build here?
- What is the current competitive landscape within the country where PEEK wires is concerned? And could you walk us through the rationale of licensing? As I understand, all the products that we do currently have in our portfolio are not licensed. So, what has led to this decision? And overall, just giving us some understanding of what could be the revenue potential of this segment?
- Rajesh Hegde:** Okay. So, in India, basically the current landscape for traction motors is up to 400 volt capacity. And if you see globally, what's happening is, you know, the shift is happening from 400 to 800 as the vehicle sizes become larger.
- And globally, what's happening is the, when you shift to 800 volts, because of faster charging, etcetera, then the, you know, PEEK wires are generally used by these manufacturers of traction motors. Our, I mean, why we have gone with HPW is that HPW is one of the two manufacturers with patented technology for PEEK wires. And they have a global patent as well.
- And what we are trying to do is, we are trying to indigenize this technology, like we have taken up a license, because this is a patent technology. And we'll use this technology, this technology and set up lines for indigenizing this, you know, product to be supplied to the local manufacturers here of traction motors. Now, keep in mind that this is more of a future, like we are investing a little bit early in our cycle.
- But this will not have an immediate, impact. But, you know, we will be working on programs with some of the manufacturers for EV motors. And that's where the real benefit will come maybe, after FY '27 is when we expect to.
- Nidhi Shah:** All right. So, so, from what you're saying, I understand that currently PEEK wires are not really being used in India. Is that a correct inference?

Rajesh Hegde: Yes, so currently, in India, it's not available. Because these two manufacturers are based out of Europe. But there are traction motor manufacturers who are setting up capacity to manufacture traction motors for the 800 volt and above segment.

So this is more, it's a work in progress is what I would like to tell you. And we need this capacity right now, because, you take part in the program. And once the program matures, then that's where we'll see a meaningful volume going forward.

Nidhi Shah: Thank you so much. I'll get back in the queue for further questions.

Rajesh Hegde: Sure. Thanks a lot, Nidhi.

Moderator: Thank you. Next question comes from the line of Kushal Kasliwal with InVed Research. Please go ahead.

Kushal Kasliwal: Yes, thanks for the opportunity. Thanks for briefly introducing in detail. So my first question was around your EBITDA per ton, which seems to be, you know, significantly higher than some of the other, you know, listed peers.

So any particular reason why you say, why you see a higher EBITDA per ton? I mean, almost everyone also manufactures CTC and most of our products are also being manufactured by those peers, but our EBITDA per ton seems to be higher. So any particular reason for that?

Rajesh Hegde: Yes, so if you compare us to our peers, you know, we would, you know, out of the total capacity, almost 75% of our businesses actually specialized winding wires. Whereas if you compare with some of the other peers, they would be exactly reverse or maybe focused only on the standard magnet winding wires. Although it comes within the magnet winding wire basket.

But when you look at in terms of profitability, specialized winding wire is a much higher profitable, a higher profitability product as well. And the reason why we are more, you know, higher EBITDA per ton is within transformers. Also, we are focusing on the 765 kilowatt and the HVDC segments and the large power transformer segments, which are more complex and of higher value addition in nature, as well as our focus is also there on exports, where almost about 30% of our production we export, where export gives you a slightly better margin as compared to the local manufacturers.

And when you look at the large part -- CTC for the large power transformers, especially as you keep going up towards the 765 kV segment, you have fewer manufacturers who are approved for the 765 kV or the HVDC transformer segments. So, that kind of gives us -- it might look that there are many players, but there are few players right on the top, actually.

Kushal Kasliwal: So, just to follow up on that, sir, one of the large company Transformers and Rectifiers, which is a, you know, higher kV transformer manufacturer, they are actually backward integrating into CTC, which seems to be our main product in specialized winding wires. So, any risks with these large players only getting into backward integration?

And then apart from these large players, I mean, how many other customers are there who are not backward integrating? Or maybe let's say in two or three years, who will probably be a market for us?

Rajesh Hegde:

Yes, I mean, so, Transformers and Rectifiers, we have heard that they are also backward integrating. But, I mean, you keep in mind that, these are all continuous processes again and these run 24/7. And for manufacturers to really backward integrate, they need that kind of volume also. And we've not seen this trend anywhere else.

In fact, anywhere else in the world that we have seen, most of the transformer manufacturers are not doing, and there is a certain degree of complexity also that is involved in manufacturing CTC. And that's why we don't see this as a risk coming up in future.

Kushal Kasliwal:

Got it, sir. My last question was on working capital. It seems like due to some lower payable days, our working capital is a bit higher versus some of our peers, which the kind of growth you are seeing, that increased working capital is not allowing us to have a positive cash flow on the cash flow statement. So, any comments around it? How should we look, let's say, two to three years from here? Will we be able to generate some positive CFO in the cash flow statement?

Management:

Yes, so rightly pointed out, our working capital days are around 75 days and as compared to peers a little more. We are actively engaging and undertaking steps to bring down the working capital days consistently in the next one or two years at all fronts, may it be receivable days, inventory days or increasing the payable days. And we hope to achieve some sort of positive results in the next one or two years on that front.

Dhruv Chopra:

Hi, this is Dhruv. Just to add one point on this. If you look at our 10-year history, generally, most of the years we have generated positive operating cash flows. It's only in the years where growth has been north of 30%-35%. But again, going forward, our endeavor is to try and reduce those working capital days so that we can sustain cash flows even during high growth periods.

Kushal Kasliwal:

Got it. Thank you so much for answering my question. Thanks.

Moderator:

Thank you. Next question comes to the line of Mahesh Bendre with LIC Mutual Funds. Please go ahead.

Mahesh Bendre:

Hi, sir. Thank you so much for the opportunity. Sir, the second, I mean, the expanded facility, new facility, Supa, I think has come up on stream now. So, will that add a substantial value of volume in the current quarter and next quarter?

Rajesh Hegde:

Yes. So, the Supa facility as is available, the 12,000 tons which was completed in Phase I, that capacity is actually available from 1st of October onwards. And it will be available till the end of this year, a financial year. And definitely, I mean, this capacity, we intend to use it to service the market. That's why, our capacity has gone up from 29,000 tons to 41,000 tons, yes.

Mahesh Bendre:

So, has that capacity stabilized or is it still in the ramp-up phase?

Rajesh Hegde: Yes. So, typically, see, in our industry, 85% capacity utilization is a good indicator in terms of capacity utilization. Now, any plant, any new plant that is there, it takes about, say, two to three years to reach that 85% peak capacity utilization.

Now, having said that, this plant is already operational and we have started utilizing this 1,000 tons per month capacity which is available for the next six, six months of this year and the entire 12,000 tons will be available for next year, plus whatever additional capex that we will do now from the IPO proceeds, that will also come on stream for next year in FY '27.

Mahesh Bendre: Sir, recently it was also mentioned about we have received orders for BHEL, from BHEL for HVDC transformers. So, I mean, can you slightly explain in terms of size of orders and will this kind of orders can also come from the other OEMs in the Indian power sector?

Rajesh Hegde: Yes. So, this BHEL order is an initial order right now, which they have placed for 11 transformers where the specialized winding wire is going to be used. And if you see our past also, we have a history of supplying to HVDC transformers as well as 765 kV transformers, which are -- but in between there was a lull in the HVDC side.

And HVDC, specialized magnet winding wires, which go into the HVDC segment are the highest value addition, actually, or are the most profitable orders within our family of products as well. And, we -- this is an initial order of 11 transformers.

This is actually a consortium where the Bhadla Khavda project, which is there, where for Power Grid and, there are other players who have also bagged, transformer manufacturers like Hitachi Energy and BHEL has some more transformers also, which will come, in the future. And we are the only ones right now in India who are qualified, the Indian supplier qualified to supply for the HVDC 400.

Mahesh Bendre: So, last question from my end, in terms of export, I mean, we generate significant, substantial part of our revenue from the export side. So, how those opportunities are in terms of export, and Rupee has depreciated, will that benefit us and any impact because of the tariff?

Rajesh Hegde: Yes, so, in terms of exports, you know, we export to, like I said, about 24-odd countries. And, we have some global relationships also with some of the large power transformer, I mean, almost 100% of our exports is actually to transformer companies where the specialized magnet wires are being exported.

And we have some global relationships with the likes of, you know, GE, Hitachi, then Toshiba, etcetera, where we are supplying to some of their global locations as well. All of these companies, all of these locations, they are adding capacity as well. And we will definitely see some benefit of that, capacity expansion that is happening to maintain our wallet share with these customers as well. Rupee depreciation, of course, I mean, from a value addition standpoint, it does help us. And we will probably see that in the coming quarters.

Tariffs, okay, yes, I'm sorry, the last question that you had was about tariffs for the US. So, today, we do supply to the US market, and we have been in this market for the last 10 years plus,

and we have a diversified base of customers. Now, there is very little capacity of specialized magnet winding wires within the US. And if you look at the US demand, I mean, the demand is far greater than the supply position that is there.

And if at all, the local manufacturer has to really step up in terms of capacity, it will still take them some time. And so then that leaves all of the specialized magnet winding wires that are being exported to the US, whether it is from Austria, say, Europe, or India, they are subject to this tariff. But today, the customers who are buying this material, they are paying – they are paying this tariff and absorbing this tariff and passing it down to their customer, end customer.

Maresh Bendre: Sure. Thank you so much, sir.

Moderator: Thank you. Next question comes from the line of Ashutosh Chaubey with ITI AMC Limited. Please go ahead.

Ashutosh Chaubey: Hi, thank you for the opportunity. My first question would be on the raw material sourcing side. How would the sourcing for KSH International would differ to any such peers and along with the client concentration? These two questions?

Rajesh Hegde: So when it comes to raw material sourcing, we would probably have the same sources when it came to copper. I mean, there are not -- there are a few sources for copper available in India. And we import, of course, to have a spread between local as well as the local suppliers as well as import suppliers.

So in terms of that, I think we would have similar suppliers, only the volumes that we buy would be a lot different compared to the other manufacturers of winding wires. And in terms of concentration risk with suppliers, we don't really have a concentration risk with any particular supplier. We are quite well spread also.

Ashutosh Chaubey: On the client...

Rajesh Hegde: And what was the other question you said?

Ashutosh Chaubey: On the client concentration side?

Rajesh Hegde: So client concentration risk we, like we, I mean, top 10 customers we have is about 50% odd is the spread of business. And also -- so we are not really having a very high concentration risk with any one particular customer, I would say.

Dhruv Chopra: Yes, I think just Ashutosh to add on that, the fact of the matter is that we are a B2B company with about 120 customers. So your top 10 is always going to be a meaningful component. But that doesn't necessarily introduce concentration risk because of two reasons. One is that within the top 10, they're fairly well diversified. And secondly, they've been -- clients, repeat clients of ours for years, in some cases, decades. So it's a fairly repetitive kind of relationship we have with them.

- Ashutosh Chaubey:** Okay. And sir on the sourcing side again, you mentioned that it is the volume that comes into play. So going by that does this scalability provide us, if you can just give me some fine hindsight, some numbers to understand, the quantum of volume that we play with the same set of domestic procure, domestic vendors and the imports that we make. Any pricing benefit that we get over there in terms of sourcing, if compared to the peers recently?
- Rajesh Hegde:** I mean, peers are larger with certain product categories. But I mean, if you compare the top three or top four, I think we would have similar benefits in terms of when we are purchasing maybe I mean, I'm not sure how much different the -- within the top five, we would have similar benefits is what I would say.
- Ashutosh Chaubey:** Top five wire manufactures from volume sourcing?
- Rajesh Hedge:** Yes.
- Ashutosh Chaubey:** Okay. These are my few questions. Thank you.
- Moderator:** Thank you. Next question comes from the line of Shrinarayan Ramkishor Mishra with Baroda BNP Paribas Mutual Fund. Please go ahead.
- S. R. Mishra:** Hi, can you hear me?
- Rajesh Hedge:** Yes.
- S. R. Mishra:** Yes. So my first question was on the supply side again. So what are the bottlenecks for the industry that CTC supply is not able to catch up with the demand? If you can elaborate on that?
- Rajesh Hegde:** You mean to say what are the bottlenecks for the transformer manufacturer or for us?
- S. R. Mishra:** For you?
- Rajesh Hegde:** So for us there is no real capacity has been a bottleneck for us. As of October we have, addressed that bottleneck because we've started this process of setting up this new facility in Supa. And it took us about two years to set up this new facility. And now we have about 12,000 tons of fresh capacity that is available. So capacity has been the biggest bottleneck and because of the spike in demand, especially on the speciality magnet winding wire side.
- S. R. Mishra:** Okay. So specifically there, importing of sourcing the plant and machinery has that been the issue or is that people had not set up capacities. And now since the demand is there, people are now going ahead and setting up the capacity? So is it due to delay in getting machineries? Is it because of that or because of not setting up the plant and machine -- the capacities in advance that is causing this?
- Rajesh Hegde:** Well the capacity expansion that has happened -- we were slightly early in the cycle. And that's why we are sitting with the capacity that is already there on the ground. And typically in this business these are all SPMs that you require and this there is a long lead time also. It can be

anything from say eight months to almost a year if you really were to order new equipment. And then again, commissioning, etcetera, is another aspect of this.

So and then finally you also have to go through the approval process. Let's say if a new company is coming in to manufacture CTC, it's not just that they make this capex investment. They also need to work up that value chain of starting from a medium power transformer and then you supply it up to the 765 kilowatt transformer and which could take anything in the upwards of, say, about five to seven years for them to reach that.

And finally, of course, the biggest bottleneck for all these people would be the -- or the constraint would be to -- even if you have capacity is to get the end utility approval, which is like PowerGrid, NTPC. They all want to see a track record for your product to have, you know, been used in the field. So that also creates some issue. Even if capacity comes in, what I'm trying to say is that, you know, it's not that it's easily available for everyone to use it.

S. R. Mishra: But since these transformer players already have relation with the end customers, will it not be easy for them to get their products approved or they will have to follow the same process as an independent magnet winding producer will have to do?

Rajesh Hegde: No, even a transformer manufacturer -- one is, of course, the complexity of the product also is there. And which is again it's a -- there are different complexities when you're manufacturing these products. But for a transformer manufacturer, he would also have to go through the same steps of getting approved by the end utility as well. So I don't think it is any different for whether a transformer manufacturer is manufacturing it or if we are manufacturing it or any new player is manufacturing.

Management: I think just one clarification that ultimately a transformer manufacturer supplying is only able to select a vendor such as us or anyone else, if the vendor or us is already pre-qualified and appears on the sub vendor list of the utility companies. So they cannot go and institute any other vendor unless it's pre-approved with the utility.

S. R. Mishra: Right, right, right. Okay. And if they were to resort to importing, so how easy is to switch to imports and, you know, for these manufacturers to cater to their demand? Because they are also sitting on order books. But this shortage of CTC and boosting is what constraining them. So, if I go to import these and supply, so how easy or difficult would it be?

Rajesh Hegde: Yes, well, we know that there is some imports happening, but that's at a much higher, you know, cost right now. That's because the capacity was not available. And we don't see this trend continuing because you know, now that capacities are available, we would be in a position to service all the local customers as well, you know.

S. R. Mishra: So, what would be the gap there?

Rajesh Hegde: In terms of the quantity being imported?

S. R. Mishra: No, no pricing.

- Rajesh Hegde:** Pricing? See, I mean, in this product, if you just on a like-to-like basis, there is a 10% duty element which is applicable on any import. Now you add that 10% on the copper price as well, which is roughly, I mean, you can take INR1,000 a kg is just the LME element of it, then it becomes quite, quite a substantial gap.
- S. R. Mishra:** Okay, okay, okay. So, secondly, this copper prices, you know, US is talking a lot because of duties and elsewhere we are facing shortage. So, you know, on for your order book for next year or, you know, 18 months, how do you see your raw material sourcing? I know pricing is a pass through. But in terms of having sufficient inventory levels to execute your order book, how are you doing that?
- Rajesh Hegde:** So for us, you know, we have tied up, I mean, like all our copper suppliers are long-term suppliers. And they've been -- we've been working with them, either right from inception, or at least a vintage of at least 5 to 10 years as well. And, you know, we -- if you see that all the copper rod producers also like Hindalco or now Adani, Kutch Copper, which has come in or Vedanta, HCL, etcetera. They're all adding capacity as well.
- So, really, you know, if there is any problem at their end, where they're not able to source the concentrate to make the rod, then it will be actually a India wide problem, you know, it's not just an industry wide problem. But otherwise, we don't see any challenges. I mean, typically the from order to supply is typically a 2 day cycle where, you know, from the time we order the raw material, by the time it reaches us, it takes only about 2 days.
- S. R. Mishra:** So how many days of raw material inventory you are maintaining currently?
- Management:** Around 15 to 20.
- Rajesh Hegde:** Around 15 to 20 days.
- Management:** Yes.
- Rajesh Hegde:** Yes.
- S. R. Mishra:** Okay, okay. Great, great. And you earlier mentioned, this is regarding EBITDA, but that is purely because of high, you know, specialized binding wires contribution rising up. So I wanted to know what was it in last year, H1 FY '25? How much contribution was from specialized binding wires, which is 78% now, I think you said earlier.
- Rajesh Hegde:** It was around 75%. Yes.
- S. R. Mishra:** Yes. So just by 3 percentage point increase, EBITDA has increased from, I think 41,000 to 65,000.
- Amod Joshi:** Not just the quantity increase, but like it was pointed out, the mix of the CTC that we've sold to higher transformers has actually pushed the EBITDA per ton up.

Rajesh Hegde: You know, export, in terms of volume has gone up. And then if you see within the transformer segment, also, we are more on the upper end of the transformers, like, say, if you say, you know, for example, 765 kV, you know, that would obviously have a higher value addition component because of the complexity of the job as well. It's not just that we are getting a higher price, there is a complexity aspect also.

S. R. Mishra: Okay, okay. So, what would be the salience of this category of orders in the order book?

Rajesh Hegde: What would be the?

S. R. Mishra: Salience. I mean, the total contribution of these category of orders, how much would these orders contribute to total order book?

Rajesh Hegde: So, I mean, just to let you know that we don't really work on our order book. Normally what we have is a repeat, like, once a -- we have a contract with the customer, where they book our capacity for the year or maybe slightly higher than that. And typically, these are all repeat, you know, contracts that we get.

80% to 85% of our businesses normally always repeat, you know, the same customers will be repeated, it's gone as high as 90% also. And generally, we keep some capacity available for any rush orders or any new customer development that we're doing. So, order book as such...

S. R. Mishra: I understand that. But given that the demand supply mismatch, it is well understood that you will be fully booked up by the OEMs for next, at least, I think, what, 1 or 2 years.

Rajesh Hegde: Yes.

S. R. Mishra: So in that, how much is this category of orders? That's what I'm trying to understand.

Rajesh Hegde: For the specialized?

S. R. Mishra: Yes.

Rajesh Hegde: Normally, you know, one, what is one third of the CTC? Tell me now.

Dhruv Chopra: Yes, so I think if you look at the large power transformers out of our CTC, today, about one third of our CTC volume is going to the largest class of transformers. That's up from single digits, even 2 years ago.

Rajesh Hegde: Yes.

S. R. Mishra: Okay. So one third is going to this category. Is that correct?

Dhruv Chopra: Yes. One third of CTC.

S. R. Mishra: Yes. Okay. Thank you. Thank you so much.

- Moderator:** Thank you. Next question comes from the line of Nilesh Jain with Astute Investment Management Pvt. Ltd. Please go ahead.
- Nilesh Jain:** Hi, congratulations on your numbers.
- Management:** Thank you.
- Nilesh Jain:** My first question is on, I want you to understand, you can probably talk at the gross margin or EBITDA per ton. What will be the difference for your two products that is standardized and you know, specialized copper winding wires?
- Rajesh Hegde:** Generally, it's three is to one, you know, on EBITDA per ton.
- Nilesh Jain:** Okay. Okay. Second question was obviously EBITDA per ton has improved from one. If I look at your historical numbers, FY '23 from 28,000 per ton, almost it has moved to 65,000. So the large reason would be entire, would be because of your increase in specialized product, or it could have some impact on because of the increase in copper prices as well.
- Rajesh Hegde:** No, copper prices has got no role to play in the EBITDA per ton. But, you know, once again, just to be clear, that what's contributing to the increase in EBITDA per ton is of course, the product mix that is there, that is the higher concentration towards the larger kV segments, where the complexity of jobs are more, but also at the same time, the profitability is higher on these kind of products that we manufacture.
- And the third contributing factor is the exports where we have, you know, the, as you know, exports are generally better margins than the local market that we are servicing. And then of course, you have your volume, which is adding to the operational efficiency as well where the fixed cost absorption is much better.
- Nilesh Jain:** Okay. So we expect then this EBITDA per ton number to at least sustain in this financial year and going forward, given you have getting high orders from, you know, higher voltage transformers.
- Rajesh Hegde:** Yes, our endeavor is of course to maintain these kind of EBITDA per ton figures now.
- Nilesh Jain:** Okay. My third question is on the new plant, which has commissioned. I wanted to understand, would it also require all the approvals, which have been there for the other plants? If yes, then how long would it would take? Does it take generally?
- Rajesh Hegde:** Yes, so we are already in that process. And, you know, some of the customer approvals we've already got. And of course, we would, you know, like we would basically use the new plant for newer customers, where there is a capacity constraint for them. But the obviously the more complex the jobs that we are doing, we would continue in our existing plants, you know. So that's how we would be utilizing the new plant capacity.
- Nilesh Jain:** Okay. And last question is, do we face any competition from the Chinese player in any of our products, obviously for the export market?

- Rajesh Hegde:** So, once upon a time, the Chinese were quite predominantly there in the US market. But as of right now, I mean, that's absolutely the US market is something that the Chinese vacated, post COVID. And that's where, we were able to really, focus on and increase the volumes as well. And, it's the same situation we've seen in Europe, where this China Plus One, or not China plus one, but you know, having another alternate source as a supplier.
- And we've been beneficiaries of that in the other export markets as well. Of course, in some geographies where you're like, say, in Southeast Asia, like Indonesia, etcetera, we find it difficult to compete because of certain FTAs that the Chinese manufacturers are having, with these countries. But Europe, Middle East, then in Japan, we have a pretty level playing field, and we are as competitive as the Chinese on a like to like basis, so that we will not see anything in the US, etcetera.
- Nilesh Jain:** Okay, sir. Thank you. And I wish you all the best.
- Rajesh Hegde:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Nishant Sharma with Nuvama Wealth PCG Research. Please go ahead.
- Nishant Sharma:** Thank you for the opportunity and many congratulations for maiden IPO and the first successful quarterly update. Hope to see this momentum continues as the demand momentum is very strong. And now we have the capacities also available on with us. So my first question would be around CTC capacity, what is the current CTC capacity and moving forward with the new addition of 12,000 tons? What would be the capacity of CTC?
- Rajesh Hegde:** We generally don't report only product capacity. I mean, we don't break it up. But if you see our specialized versus standard, I think we are giving that in the investor presentation.
- Dhruv Chopra:** Yes, I think it long term, we expect it sort of to be a 60-40 mix. It's special.
- Nishant Sharma:** Okay, great. Secondly, sir, while working capital is if you can elaborate a little bit more in terms of measures and target that we are looking for working capital days, because the major difference is mainly on the payable side, vis-a-vis competition, and that's significantly different from competition. So more of investors are concerned around working capital is and how do we like to tackle that scenario going forward? And what's our internal investment where it can stand?
- Amod Joshi:** Right, correct. So like rightly pointed out by you, our payable days are much higher as compared to the peers. And till now, what we were doing is we were, purchasing copper basis 100% advance. But as you know, we are capacities going up, we are initiating steps to ensure that we purchase copper more and more on credit than on advance, like is done by our peers. Now, that itself will reduce our working increase our payable days and reduce our working capital days going forward.

Nishant Sharma: Okay. And one more question related to return ratios. While we have a best in class, EBITDA margins or EBITDA per ton, our return ratios, especially return on capital employed seems to be similar or a little bit lower than the competition.

Any sense, how are we looking to improve on this number going forward? I'm talking purely on FY '25 basis, while near term IPO proceeds may have some impact, but X of that, how are we looking to improve on those return ratios?

Amod Joshi: Right, so you're if you're talking about the return on capital employed, this is somewhat linked to my earlier question that you asked. So what happens is when we purchase copper on against advance, you end up using the working capital limits much higher as compared to the peers. So because peers are using the supply line of credit, their payables are much higher and working capital utilization is lower.

So their loans, the loan outstanding tends to be lower in the short term loan category. That's why ROCE if you see will be almost equivalent or a little lower than the peers. Having said that, there's always a tradeoff where if they are finance, I mean, if your cost of bank finance is better as compared to the supply, you always tend to use the bank finance more than the supplier finance.

But that gets reflected in the ROE. If you see the return on equity, which is the ultimate return that goes to the investors, our returns are much better than the peers. So as we go ahead and we use more supply line of finance, our working capital utilizations are expected to stabilize in line with what the peers have. And so we expect the ROCE also to that extent get impacted because of that.

Nishant Sharma: Okay, thank you very much. And the last question related to the announcement on the management change in the management level, if you can explain a little bit and what could be the implication of that?

Rajesh Hegde: So Rohit Hegde, who's the other, Joint Managing Director, who's my brother, he is going to take up a more, active role in some of the other group companies as a Whole Time Director. So that's the only change, he'll continue being on the board as a Non-Executive Director, but not as an Executive Director, otherwise there's no real change.

Nishant Sharma: Okay. Thank you.

Moderator: Next question comes from the line of Bhavin Chheda with Enam Holdings. Please go ahead.

Bhavin Chheda: Yes, good morning, sir. Overall, very good results and very good presentation giving detailed explanation on everything. So few questions. First, as I think on the call, you mentioned that in the longer term, the specialized winding wire capacity will be 60% of total capacity. I wanted to understand whether the capacities are fungible?

Rajesh Hegde: No, so when you look at having to give a short answer, no, it's not fungible, specialized winding wire within that specialized winding wire, it's slightly fungible, because some processes are

common. But if you look at like standard versus specialized, you need a set specific set of machinery itself, and which is quite, quite different.

Bhavin Chheda: And the new super facility will be entirely specialized or is there a mix of standard capacity there also?

Rajesh Hegde: No, there's a mix of both standard and specialized, of the 30,000 tons of capacity that we are adding, there will be a mix of specialized as well as standard.

Bhavin Chheda: And this first 12,000 ton what has been commissioned is what type of capacity?

Rajesh Hegde: Again, both, it's a mix of both.

Bhavin Chheda: Yes. Okay. And so in the presentation, you have very well explained that we should look on a bit up despite copper prices being so volatile. So does the standard wire also follow a similar formula with your long term clients or standard wire business is more a percentage business than a bit up button business?

Rajesh Hegde: No, so the standard wire also follows the same, when it comes to the B2B side of it, and we are in a B2B industry, where copper is the complete pass through. And there is a value addition that we agree with the customer, and that value addition is independent of the copper price. So and I think in the...

Bhavin Chheda: Entire, all the volume entire business will follow a similar model?

Rajesh Hegde: Correct, correct.

Bhavin Chheda: And there is a percentage and you had also mentioned that the difference between specialized and standard is three is to one on EBITDA per ton right?

Rajesh Hegde: Yes, yes, that's right. And because of the complexity of manufacturing processes, that's why it is there.

Bhavin Chheda: And since my last question, the BHEL has recently placed your order for this HVDC transformer, which has the highest value added in your overall portfolio. And I think it will go on for the next 12-15 months, which means that the current EBITDA per ton would be maintained and improved going forward because obviously, the rupee depreciation will also at some point would help in your export business. So we should expect a gradual improvement in EBITDA per ton?

Rajesh Hegde: So when it comes to -- this EBITDA per ton for the specialized HVDC orders, see this, even though this is an order, it doesn't really move the needle too much from an overall capacity that we have. But, why it's important for us to mention is that going forward, there are, more HVDC is going to be a growing segment. And a lot more, consortium members are getting orders. And, that's something that we would like to, highlight that we are the only Indian supplier for this HVDC segment.

Bhavin Chheda: Thanks a lot.



Rajesh Hegde: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Rajesh Hegde: Yes, so I would like to thank you on behalf of KSH International for attending this call. And I hope we've given you whatever information we could. We've tried to include it in the investor presentation. And we look forward to the next quarter as well. Thank you.

Dhruv Chopra: And for those that we were unfortunately unable to reach for questions, please reach out to us and we'd be happy to answer any questions. Thank you.

Moderator: Thank you. On behalf of KSH International Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.