KSH International Limited

[Formerly known as KSH International Private Limited]

November 09, 2026

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

BSE Scrip Code: **544664**

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

NSE Symbol: **KSHINTL**

Sub.: Transcript of the Earnings Conference Call held on Thursday, November 05, 2026, in respect of the Company's Unaudited Financial Results for the quarter six months period ended September 30, 2026.

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 October 21, 2026 ("Earnings Call Intimation"); and

3. Intimation of Audio recording of Earnings Conference Call dated November 05, 2026 ("Audio Recording Submission").

Dear Sir/Madam,

Pursuant to above-referred Listing Regulations and in continuation to the Earnings Call Intimation and Audio Recording Submission, we are pleased to submit transcript of the Earnings Conference Call held on Thursday, November 05, 2026, in respect of the Company's Unaudited Financial Results for the quarter and six months period ended September 30, 2026.

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

NAKUL SHIVAJI PATIL
Digitally signed by NAKUL SHIVAJI PATIL
Date: 2026.11.09 16:20:11 +05'30'

Nakul Shivaji Patil
Company Secretary and Compliance Officer,
Head – Secretarial & Legal
Membership No.: A39990

Encl.: As above.

“KSH International Limited Q2 FY '27 Earnings Conference Call”

November 05, 2026

MANAGEMENT: **MR. RAJESH HEGDE – MANAGING DIRECTOR**
MR. HUKUMCHAND LAKHOTIA – CHIEF EXECUTIVE OFFICER
MR. AMOD JOSHI – CHIEF FINANCIAL OFFICER
MR. DHRUV CHOPRA – HEAD OF INVESTOR RELATIONS
MR. NAKUL PATIL – COMPANY SECRETARY AND HEAD, SECRETARIAL AND LEGAL

MODERATOR: **MR. MOHIT KUMAR – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the KSH International Limited Q2 and H1 FY '27 Earnings Conference Call.

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 *, then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Kumar. Thank you and over to you, sir.

Mohit Kumar: Thank you. Good morning. On behalf of ICICI Securities, I welcome you all to KSH International Q2 FY '27 Earnings Conference Call.

Today, we have with us from the management, Mr. Rajesh Hegde - Managing Director; Mr. Hukumchand Lakhotia - Chief Executive Officer; Mr. Amod Joshi - Chief Financial Officer; Mr. Dhruv Chopra - Head of Investor Relations, and Mr. Nakul Patil - Company Secretary and Head, Secretarial and Legal.

Now, I would like to hand over the floor to the management for their opening remarks, post which we will open the floor for Q&A. Thank you and over to you, sir.

Rajesh Hegde: Yes, good morning. This is Rajesh Hegde. Welcome to our 2nd Quarter Fiscal 2027 Results Call.

As we reach the halfway point of the financial year, I am pleased with the progress we have made across several important areas of our business. Number one being we have continued to grow volumes while maintaining our focus on profitability and utilization. The second point being demonstrated improved penetration to expand the scale of our exports. Thirdly, our Phase-2 capacity expansion at Supa is largely complete, providing the manufacturing capacity needed to support the next phase of growth. And lastly, improve the efficiency of our working capital cycle. These developments are closely linked to the investments and operating initiatives we have undertaken over the past few years, and I will discuss them in more detail during our today's call.

Our 2nd Quarter Financial Results along with supporting information have been submitted to the exchanges and have been uploaded to our website.

On today's call, I will focus on the industry and trends operating performance and finally, our capacity utilization and expansion plans. Amod will then discuss the financial and operating metrics. KSH International, as you know, is a 45-year-old manufacturer of Magnet Winding Wires, which is the most critical component of coils used in electric machines, from power

transformers down to AC compressors and everything in between. We are the leading manufacturer of Specialized Magnet Winding Wires in India and the largest exporter of winding wires from the country. Our installed capacity as on September 30th, 2026 was 57,845 metric tons, which includes 96% of the total capacity expansion planned at Supa. We are a B2B company servicing over 120 leading domestic and global OEM customers and maintain long term relations with these customers with repeat revenue in excess of 95%.

Additionally, our business is make to order, which means we procure the copper or the metal and begin processing only after receiving a purchase order from the customer. Thus, LME copper price and exchange rate is a direct pass through. Roughly, 75% of our revenues comes from supplying specialized Magnet Winding Wires for T&D, renewables, railways and data centers driven by our core continuously transposed conductors or CTC for transformers, in which we are the market leaders in India. CTC is a complex engineer product and all of our exports are exclusively to T&D customers across 5 continents.

Let me briefly share some of my thoughts on the industry environment:

We see sustained growth and investments across power generation, transmission and related equipment driven by grid infrastructure development, renewable energy integration, electrification and growth, electricity requirements from industrial and digital infrastructure. OEMs are still growing order flows and are investing in manufacturing capacity, particularly across all premium transformer and motor applications. Overseas, equipment manufacturers are also increasingly highlighting the importance of strengthening their manufacturing capacity and supply chain resilience to meet evolving customer requirements. An important aspect of this environment is the increasing emphasis on technical capabilities, product qualifications, delivery reliability and long-term supply availability. For specialized component manufacturers, these requirements create opportunities to deepen customer relationships and participate in more technically demanding applications.

Now, against this backdrop, our focus remains on expanding our engagement with domestic and global OEMs, progressively using our available manufacturing capacity and ensuring that our capabilities and the investments remain aligned with the long term requirements of our customers. Over the past few quarters, we have talked about having capacity available to expand our export business, given the supply constraints we faced previously. We spent the last 6 months fulfilling various technical qualifications and test shipments and in Q2, we saw the export volumes begin to increase from both existing customers as well as new OEMs. Export revenue in Q2 grew 108% year-over-year and 44% higher than last quarter. As a result, exports represented almost 32% of our revenue in Q2, up from 26% in Q1. Specialized Magnet Winding Wires revenue overall grew at 87% year-over-year during Q2, with much of that growth driven by exports.

CTC contribution in Q2 remained elevated as a percentage of the total revenue as standard wire volumes begin to pick up late in the quarter. As the newly commissioned standard wire capacity ramps up, we expect the overall contribution of standard wires to increase and our product mix to progressively move closer to historical levels, heading into H2 of FY '27 and FY 2028. Last quarter, we received a trial order to supply specialized wires for 2 HVDC transformers overseas, which demonstrates that our HVDC opportunity is not just confined to India alone.

And lastly, 2 weeks ago, Power Grid also approved our Supa facility to supply magnet winding wires up to 765 kV transformers and reactors from our newest facility. The majority of our standard winding wire capacity has now come online and is available going forward. Standard wire growth was 119% in Q2 compared to a year ago and outpaced specialized magnet winding wire growth, but important to note that the growth is of a much smaller base than specialized wires. As we have stated, our focus for standard wires is predominantly in select end-user industries such as EVs, ACs, AC compressors, motors, alternators, where precision technology plays a critical role. Overall, sales volume was 8842 metric tons in Q2, was up from 7969 metric tons in Q1 and 7037 metric tons a year ago. This represents 26% year-over-year volume growth and 11% higher than Q1 of FY '27.

Moving now to our EBITDA per ton performance:

In Q2 FY '27, we reported EBITDA per ton of approximately Rs. 101,400 per metric ton up from roughly Rs. 93,000 per metric ton in Q1 and Rs. 65,500 per metric ton a year ago. Similar to Q1, the key drivers for this improvement were, number one being the CTC contribution during Q2 remained elevated given the timing of when that capacity was installed, though the mixed percentage should moderate as we head into H2 of FY '27. Secondly, higher export contributions and volumes during Q2, which are all specialized Magnet Winding Wires, showed a meaningful improvement compared to last year and last quarter. The third point being an increase in consolidated utilization rates to 76% in Q2 of FY '27 versus 73% in Q1 of FY '27 based on available capacity for the quarter. Fourth point being a persistently weaker rupee and finally, incremental benefit from commencing our upcast recycle plant and rooftop solar plant, which are now operational.

Amod will go into the financials shortly, but I want to briefly address the improvements in our working capital cycle that we have systematically been focused on for the last few quarters. As a result of these efforts, we were able to deliver roughly Rs. 43 crores of positive operating cash flow during H1 of FY '27, while also reducing outstanding debt by approximately Rs. 140 crores by September 30th of 2026 from Q1 of FY '27.

Turning now to capacity:

Based on available capacity, total utilization in Q2 of FY '27 improved to 76% from 73% last quarter. We are very pleased to have completed 96% of both Phase-1 and Phase-2 of our Supa

capacity expansion as on September 9th, 2026, roughly 6 months ahead of schedule. Period end capacity stood at 57,845 metric tons and is now available for H2 of FY '27. The board has approved a new Phase-3 expansion to add specialized Magnet Winding Wires manufacturing capacity, and which is expected to increase the company's total installed capacity to approximately 72,200 metric tons by Q1 of FY 2029. This investment is aligned with our long-term strategic plan and is intended to ensure continuity of supply capacity as the business scales up further and fulfills our abilities to service the transformer, renewables, railways, and the EV markets.

If we look at our overall available specialized Magnet Winding Wire capacity, our Q2 utilization has exceeded 80%, which as we have previously mentioned is also an important threshold for when we start looking at adding new capacity. The company intends to spend up to Rs. 1,850 million or Rs. 185 crores to finance this expansion, which also includes he purchase of an additional 10 acres of land in Supa and it will be funded with a combination of internal accruals and long-term debt. We do not anticipate this expansion to have any material adverse impact on our liquidity ratios and to be accretive to our profitability and ROCE when optimally utilized.

So, to conclude, I would like to touch on two key financial metrics as we look ahead. Firstly, we believe that 26% volume growth for this year continues to be sustainable and will benefit from having our expanded capacity available in H2. Secondly, looking at our overall long-term portfolio and capacity mix and the additional traction with exports and improving operating leverage, we believe post Phase-3 expansion, a long-term EBITDA per ton of approximately Rs. 85,000 per ton should be sustainable. Having said that, it is possible that individual quarters may exceed this level depending on the product mix, exports and currency impact. So, in summary, our key strategies to drive sustained growth are, number one being to grow volumes in our ultra-precision, higher value-added products in segments like T&D, EV motors and exports. The second point being to expand our international presence and to also increase our wallet share with existing customers. Finally, we would like to drive operating efficiencies through scale and backward integration and also work on improving our sustainability efforts.

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

Amod Joshi: Thank you, Rajesh. Good morning, everybody. I will discuss our 2nd Quarter FY '27 Financials and Operating Performance.

During Q2 of FY '27, our revenue from operations were Rs. 1,320 crores, 85% higher compared to the sales we had last year. Specialized winding wires revenue in Q2 increased 87% versus a year ago driven by ongoing demand from our T&D clients globally. Standard winding wires accelerated to 119% year-over-year growth in Q2, though of a smaller base. Revenue from exports grew 108% compared to Q2 FY '26. Volume mix and material prices were key drivers of topline performance. Q2 EBITDA of Rs. 90 crores improved from Rs. 46 crores last year and

Rs. 74 crores last quarter. EBITDA per ton for Q2 was approximately Rs. 1,01,000 per ton on consolidated basis, up from approximately Rs. 65,000 last year and Rs. 93,000 in Q1 and benefited from stronger export volumes, favorable currency and to some extent from our recycling and rooftop solar initiatives. During Q2 FY '27, we reported a quarterly record PAT of Rs. 48 crores which increased 62% versus Rs. 30 crores last year and Rs. 42 crores last quarter.

Turning to the balance sheet and cash flows:

We generated positive cash flow from operations of Rs. 43 crores in H1 FY '27 driven by improved profitability and working capital cycle improvements. This also led to a reduction in total outstanding debt to Rs. 341 crores down from Rs. 481 crores in Q1 FY '27. Working capital days calculated on average balances improved to 52 days from 60 days in Q1 and from around 70 days last year.

Lastly, let me address our new Phase-3 capacity expansion:

As we mentioned, we expect to spend up to Rs. 185 crores over the course of the next 18 months to purchase 10 acres of land in Supa as well as for building and plant and machinery for Phase-3 facility. This project will be funded by a mix of debt and internal accruals. We expect the majority of these expenses to be incurred in FY '28 though a smaller upfront portion would likely be spent during H2 of FY '27. We do not anticipate any material changes to our existing leverage ratios as a result of this expansion at optimum utilization levels and expect the investment to be accretive to our profitability, asset turns and return ratios.

With that, I would like to hand the call back to the moderator and open up for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shubham from ICICI Securities. Please proceed.

Shubham: Hi sir, thanks for the opportunity and congratulations on a very good set of numbers. I think we delivered exceptional EBITDA per ton for the quarter and H1. But what explains the strength in margins and is this mix tilted heavily towards high voltage and do you expect this mix to correct in H2? And second question would be, you have announced CAPEX for third phase, so is it towards CTC mainly? And for that, where is the incremental demand or strength coming from? Is it high voltage, domestic or export?

Rajesh Hegde: This is Rajesh. Let me answer the first, what drove the EBITDA per ton performance, right? You were asking and as I said earlier, the CTC contribution in Q2 was elevated. So that obviously, CTC is the more higher value added product for us. And that the skewness in the EBITDA per ton was partly because of that. Secondly, of course, the higher export contributions as we have maintained exports is normally about 3%-4% higher in terms of value addition as opposed to local, so that was it. The third point was the weaker rupee also helps when we are

exporting. And overall the incremental benefits which were there for the recycled copper plant and the rooftop solar as well. So these were some of the things that drove EBITDA per ton for last quarter. I think the second question you asked was, will it be sustainable for the next quarter, right?

Amod Joshi: Capacity expansion, whether it is more CTC and what is the new Phase-2?

Rajesh Hegde: No, I think he was talking about Phase-2. Can you please repeat your second question?

Shubham: Yes, so the second part was, do you expect this EBITDA per ton mix to correct in H2? And second one was announced CAPEX for the third phase. Is it towards CTC mainly? And for that, where the incremental demand is coming from? Is it high voltage? Is it domestic or exports?

Rajesh Hegde: So, when it comes to Phase-3, as we have said, it is specialized wire capacity that we are adding and this specialized wire is being used not only in transformers, it is also in EV motors, renewables, railway applications, etc., also. And so that is the second one. And on your specific question on whether this EBITDA levels are sustainable. So what we have maintained is, see, we are in a growth phase right now, we have planned a Phase-3 expansion. And we feel that on an optimum utilization levels of the overall capacity, 85,000 per metric ton would be a more sustainable EBITDA as against what we have right now. Within quarters, obviously, it can be higher and lower, but on a longer term basis, we feel 85,000 per metric ton is a better measure of our EBITDA. Yes, within quarter, it is also because of the reasons we maintain. If the product mix is more skewed towards CTC, exports, etc., that drives the EBITDA per ton higher also.

Dhruv Chopra: Yes, and just to add one other thing, broadly, whether it is transformers, railways, or renewable EVs, I think, broadly, we have consistently said that our focus is always predominantly on the premium segments, which are very heavily reliant on qualifications, track record and scale.

Shubham: For sure, sir, just one last question from my side. So, how is the Middle East as a geography doing for us?

Rajesh Hegde: Yes. So, as far as the business in Middle East is concerned, we have not seen a significant drop in the business from Middle East, though, because of the disturbance, the transit times have increased significantly as compared to earlier times.

Amod Joshi: Yes, and also some transport costs have increased when it comes to the Middle East.

Shubham: Thank you. That was very helpful. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Abhi from AJ Capital. Please proceed.

Abhi: Hi, good morning, sir. Hope I am audible.

Rajesh Hegde: Yes, you are.

Abhi: First of all, congratulations on a great set of numbers. And secondly, a small complaint that you low-ball your EBITDA for managed guidance and you always beat. So, congratulations on that. And you catch investors off guard. So, congratulations on that. Sir, my first question is just to understand, it is a fairly high-key question for the CFO and just throw some light. I just want to understand that despite the debt going down this half year, the finance costs have risen. My understanding or my working is that maybe, it is coming from trade payables and some of it is backed by LCE supply credit, which is now building into the finance cost. So, is that understanding correct? Or is there some other lever because of which the finance cost was higher this quarter despite the overall debt going down?

Amod Joshi: No, your understanding is correct. The finance cost includes costs charged by the bank as well as finance cost charged by the suppliers.

Abhi: All right. Fine. That is okay. Sir, my second question was, obviously, now that you have increased your guidance, and I am pretty sure that it is still a low-ball number. But as your yearly contracts are coming up for renewal at the end of FY '27 and Q1 of FY '28, I just want to understand, are you getting a higher conversion charge per ton than last year? And by roughly how much? Because last year, I think you were at about Rs. 55,000-Rs. 60,000. So, how are they getting repriced? Are your legacy customers, okay with a higher repricing? Because you have already reached 1 lakh per ton in this quarter. So, can you just give us some idea, some flavor into that?

Rajesh Hegde: So, let me first answer. All our contracts, we have different types of contracts with different customers. Not all of them come at the same time at the end of the financial year. In some cases, we might have, say, even a 2-year contract also. So, that is the number one thing. And then, when it comes to the conversion charges, Amod, do you want to talk?

Amod Joshi: Yes. So, look, the increase in EBITDA per metric ton, like Rajesh had mentioned earlier, is an account of the factors like CTC going up and exports going up and utilization going up, so on and so forth. Then, the contributor to the increase in conversion rates is not that significant in the overall increase in EBITDA per metric ton.

Dhruv Chopra: Abhi, this is Dhruv. Just to add, so, we have said in the past also we maintain long-term relationships with our clients. And therefore, the pricing mechanisms we have with them are, fairly measured irrespective of the demand supply environment. However, the moment you start supplying higher-complexity products, the value-addition rates are higher. And that plays a larger role than a like-for-like sort of price increase. So, I think you have to keep that in mind, which is why we keep talking about the mix.

Abhi: Yes. So, the sense I am getting is that for KFH, their pricing bar and their bargaining bar is sort of incrementally increasing with respect to the customers and the ecosystem. Is that a fair understanding of how the next 2-3 years look like, that your bargaining bar is increasing or do you think that, that is not the case?

Amod Joshi: This is Amod here. So, while building an EBITDA per metric ton, honestly, we will not factor in an increment bargaining power and increase in the prices on a like-to-like product going forward. As much as the importance we give on supplying higher-value-added products within the specialized widening wire, like for HVDCs and 765, we should be the main driver of pushing the EBITDA per metric ton amount.

Rajesh Hegde: And as more of exports, so that is the message here is, of course, we are not trying to increase prices on, we are looking at the product mix, the markets that obviously, as our export percentage increases, that helps us in the EBITDA per ton as well. So, that is how we look at it.

Abhi: Yes, I know. A lot of people who try to squeeze out the customers on pricing, don't end up in a very good situation. So, I completely understand your strategy and that is fair. Just last one question, sir, if I can squeeze in. After this Phase-3 capacity, FY '29, what sort of a capacity utilization are you looking at for the overall capacity, including the incremental capacity? Because we are currently at 61-62, I am pretty sure that you will be, this will be maxed out in the next 12-18 months. So, with the increasing capacity, what sort of capacity utilization are you projecting or forecasting for FY '29? If you can give just some flavor, I know it is 24 months out there, but it is some?

Rajesh Hegde: See, for any, in the past also, we have mentioned that any Greenfield or say any new capacity that comes in normally, an optimum capacity utilization is about 85% of the total capacity that you install. So, here I would say, between FY '30 and FY '31, somewhere in between, we would be at an 85% optimum capacity utilization on the 72,200 capacity installed. That is what we would expect.

Abhi: Perfect. Thank you so much for your time. Thank you for always meeting your guidance. And I am pretty sure that this low-balling will continue. So, congratulations and all the best.

Rajesh Hegde: Thank you.

Moderator: Thank you. The next question is from the line of Dikshi Jain from Incred Research. Please proceed.

Dikshi Jain: Hi, congratulations on very good numbers. I wanted to understand the demand as a supplier scenario for CTC and specialized wire in general. Now, we have test orders that we have received from Europe. What kind of orders can we expect from them? And what is the current demand

scenario in India? Because a lot of our customers, a lot of the transformer companies themselves are putting up capacity for CTC?

Rajesh Hegde: So, what we have said in the past also, like, say, around by FY '30, we expect the overall CTC, the demand to be approximately around 120,000 tons to 130,000 tons in India. Now, that is, of course, not taking the export piece into account. Export is, of course, much larger, which goes out of India. A bulk of this demand obviously comes from the power transformer segments. And as you go into more of HVDC, then HVDC will also add incremental, 765 will also add incremental, demand. Now, I think one thing that you were talking about is if customers within India are also backward integration, we have heard of one or two players. But we are quite diversified that way. We have, almost, I would say, 40% of our revenues for specialized wires or CTC comes from exports. And we are quite spread out when it comes to that.

Dikshi Jain: Another question was regarding, so earlier, we mentioned that we have some extra land on the existing capacity where we can do a Brownfield expansion. Is the same land being used for the expansion currently? And there is an increase in the lease liabilities on the balance sheet. What is this regarding? Is this regarding the new CAPEX?

Amod Joshi: This is Amod here. To answer your first question, the new capacity yes, is planned in our existing land and the additional land 10 acres that we are purchasing is for further capacity expansion that we may plan going forward. And the second question on the lease liabilities is the upcast plant is on a leased premise. And that is what is called the increase in the lease liabilities.

Dikshi Jain: Thank you so much for taking the questions.

Moderator: Thank you. The next question is on the line of Pratik Dharamshi from Union Mutual Fund. Please proceed.

Pratik Dharamshi: Thanks a lot for giving the opportunity. Many congratulations Rajeshji for a stellar set of numbers.

Rajesh Hegde: Thank you.

Pratik Dharamshi: My question revolves around the demand scenario. We are putting more capacity coming on stream by 29,000 to 70,000. In the past call, you had mentioned you had signed a 5-year agreement with Hitachi and also potentially more customers may think through. So any update, how is this development evolving in terms of long-term agreements? And not next 2-3 years, but how do you see next 4-5 years based on your engagement with the customers in terms of the demand environment for CTC?

Rajesh Hegde: Yes. So when it comes to the transformer business, as you said, there are several customers who are in expansion mode. Some of the capacities already come in. Some of it will come in phases,

in different geographies that we see right up to 2032. And of course, a lot of our customers have order books up to 2032 or beyond also. So in this environment, what happens with these transformer companies is that one is, if you are a qualified supplier, they want to ensure that there is a continuity of supply when their capacity comes up. And qualifications in this business obviously takes a long time. So they would rather, if their current suppliers are, they should have the visibility to expand their capacity also. So your Hitachi, we have a 5-year framework agreement. We are still putting. In terms of volumes and everything, we are still to get that in place. Similarly, with a few other customers also, this discussion is there. And this, we would be able to really, maybe in the next 2 quarters, we would be able to give you an answer on this long-term agreement part of it. But yes, the general tendency is to now have a longer-term agreement. But then in the past, which was about, say, every year, there was a renewal in the agreement that was coming up.

Pratik Dharamshi: Yes, that is really heartening to hear. So my question is around, so what is happening with US, which happened yesterday, and talks about some slowdown on the AI data center CAPEX related stuff. So the orders we have on hand or the order books are full. Do you reckon any impact potentially coming through from any sort of a slowdown which happens eventually on data center side in the US, or we are relatively comfortable at this juncture that this may not have material impact on us, if at all this pans out? And lastly, the margin profile of this long-term agreement, are they EBITDA per ton terms? Are they similar to what we enter into a shorter-term context as well?

Rajesh Hegde: Dhruv, you want to answer that question on the US part of it?

Dhruv Chopra: Yes. So, Pratik, see, whether it is the US or Europe or even in India, India is obviously much earlier stages. AI data centers, etc., is one of the newer additions to the T&D story. The T&D story is well and truly established with or without it. So when you are talking about, grid infrastructure build-out, renewables, etc., that is very much still in play. For us, the power generation, transmission, etc., plays a much larger role, as I said, with the existing drivers in play. For AI data centers, there is special types of transformers, which we do supply, but today is a very small component of our business. So, we don't really anticipate any significant change, if it was to reverse. Obviously, if there is ultimately long-term growth, then we would benefit from that. And the second question was on, can you remind me again?

Pratik Dharamshi: Yes. The second question was on pricing margins?

Dhruv Chopra: So, Rajesh, you can take this, but I think broadly, this is still a work in progress. And the idea would be that just as we have the ability to provide visibility on supply, they would have the ability to provide visibility on demand as well as unit economics. So that is still being worked out. But clearly, the intention would be to be mutually beneficial to both parties.

Pratik Dharamshi: Great. That was very helpful. All the best and wish you a Happy Diwali in advance.

Rajesh Hegde: Thanks, Pratik. Same to you.

Moderator: Thank you. The next question is from the line of Surya Narayan Nayak from Sunidhi Securities. Please proceed.

Surya Narayan Nayak: Yes. Thank you. Congratulations for the great set of numbers. Sir, most of the questions have been answered. So, a couple of questions like, is there any change in your application needs we are seeing, or it is heavily tilted towards the high end of the T&D segment? Because during the plant visit, we were actually told that some of the AC component makers, we got inquiries. So, any update on that? So, as we approach towards the summer part of the year, so, can we expect some sort of increase in those segments, if you can broadly give the T&D and other applications? One. And secondly, is there any inquiry coming from the GCC geography during the period which we have not entertained?

Rajesh Hegde: So, you have the capacity.

Amod Joshi: No, the first one is saying the AC compressor.

Rajesh Hegde: In terms of the capacity split, right? So, in terms of revenues, what was the capacity?

Amod Joshi: Sorry, can you just repeat your first question and one question at a time?

Surya Narayan Nayak: Basically, I am asking the application split, if you can provide.

Rajesh Hegde: Between specialized and standard, we can give you that answer. Between specialized and standard.

Amod Joshi: Revenue split is 75-25.

Rajesh Hegde: 75-25 remains the same, specialized and standard. And standard wire is something that goes into the AC segment. And AC segment, we don't see any big change coming in terms of the standard versus specialized revenue going forward also. And the seasonal impact that you were talking about that is something that we are, it is still work in progress for us when it comes to the standard wire, because the standard wire capacity, we have just increased. So now, we will focus on that utilization going forward as well.

Surya Narayan Nayak: And sir, any new geographies we have, because, our objective is to raise the export component from 30%-40%, which is well on track. So, have we received, let us say, any new orders from the new geographies?

Rajesh Hegde: Yes, so in Europe, of course, we are adding a few more countries. Then in the Americas, we have added a few more countries as well. And Middle East, of course, is a traditional market for

us. And I think one of the questions you asked about was in the GCC, you mentioned that, has there been anything that you refused? Isn't that what you asked?

Surya Narayan Nayak: Yes.

Rajesh Hegde: Yes, but, GCC is still, if you look at it from an overall revenue split, Middle East is still around the 10%-11% mark itself, for us. So, we have not really seen any reduction or any increase in the Middle East side of it.

Surya Narayan Nayak: Thank you.

Moderator: Thank you. The next question is from the line of Mayank Chaturvedi from HSBC. Please proceed.

Mayank Chaturvedi: Yes. Hi, gentlemen. Thank you for the opportunity. On this export HVDC transformer trial order that you have gotten, can you confirm, is it from the same group that you are currently working with on the HVDC side of things, or is it a different group?

Rajesh Hegde: So, HVDC, if you see globally, or rather within India also, there are four major manufacturers, which is your Hitachi, your GE, or the Siemens, and say, in India, it is about BHEL. So, one of these four itself. And this is, of course, a trial order that we are working on. But once that gets, that is proven, then it opens up the possibility for future HVDC transformer orders as well.

Mayank Chaturvedi: And sir, what is the delivery timeline for this order?

Rajesh Hegde: I think within this financial year.

Mayank Chaturvedi: And would you know the customer demand for HVDC transformers that is there in their order book, and would you be able to share that?

Rajesh Hegde: We only know right now, what is already been ordered by the Hitachi and BHEL that is already out. But the new one, of course, as of yesterday, what I understand is now GE has been aborted the contract. So, the last time around, it was more. So, that would, I don't have the exact number of transformers on me right now, but we can maybe share it later on.

Mayank Chaturvedi: On the India piece, I am aware of what the ordering is, but for this particular European HVDC transformer order that I have gotten, so how is that customer order book is looking like?

Rajesh Hegde: I don't, right now, it is a trial order for two transformers. But once we have that qualification, then I think it opens up the possibility for all the HVDC transformers that they are currently executing as well as in future that they would execute for us.

Mayank Chaturvedi: All right. Yes, that is it from my end. Thank you.

Moderator: Thank you. The next question is from the line of Ishan Modi from AMC Assets. Please proceed.

Ishan Modi: Thanks for giving me an opportunity and congratulation for great set of numbers. My question is more on EBITDA per ton. I know you answered many times, but my question is like for H2 FY '27 and before our Phase-3 capacity comes in a picture, like between those timelines, what can be the sustainable EBITDA per ton? Are we revising our guidance apart from the 75,000 metrics per ton here?

Rajesh Hegde: Look, people have correctly mentioned. Go ahead, Dhruv. You said.

Dhruv Chopra: Yes. So, Ishan, I think again, like we clarified last time, the 75,000-85,000 is a long-term sustainable rate, we believe, given the overall mix of the business. It is not intended to be a guidance for any quarter or specific year. Quarter-to-quarter, we have said that there could be points in time when it exceeds that, given the various factors that we have called out, whether it is specialized mix or exports or currency or whatever else. So, beyond that, we are not in a position to give specifics around second half or any specific year.

Ishan Modi: All right. And for the, like, whatever the current order trajectory you have, how are you seeing the export revenue mix improving and the specialized wire mix improving for the current order book?

Rajesh Hegde: For the current quarter, what future he is talking about? Is it improving?

Dhruv Chopra: We said that our objective over the next few years is to return exports to its historical average of around 40% of total revenue. So, that is a multi-year sort of process that we will pursue. And in terms of specialized and standard, clearly with ultimately more specialized wire capacity being added in Phase-3. Once that is complete, the mix will skew more so towards specialized wire than it is today.

Ishan Modi: All right. And my last question is around the AI data center in the US. So, like, as per your client communication, after the new election result, are you seeing any kind of possibility that AI data center CAPEX can slow down over there? Or, like, how is the visibility for that particular segment?

Rajesh Hegde: See, when it comes to the US, we have a number of our own customers adding capacity. In fact, some of them are Greenfield facilities, which will come up in the next maybe 1 or 2 years as well. So, we have not seen any slowdown as such from these customers, of course. As and when that happens, we would really want to look at that. But as of right now, US anyway, in terms of overall contribution is less than 10%, of the revenues for us.

Ishan Modi: So, as of now, there is no hint that AI CAPEX is slowing down, right?

Rajesh Hegde: Yes. Sorry. Thanks.

Ishan Modi: So, that is all from my side. Thank you very much and wish you all the best for future quarters and Happy Diwali to all the team.

Rajesh Hegde: Thanks, Ishaan.

Moderator: Thank you. The next question is from the line of Rutu Chavan from Phillip Capital. Please proceed.

Rutu Chavan: Hi, sir. Thank you so much for giving this opportunity and congratulations for excellent set of numbers. Sir, I wanted to understand, what is the update on the PEEK wire that we were doing a pilot? And is there any sort of capacity addition in this additional 13,000 that we are adding?

Rajesh Hegde: So, the PEEK wire is still, as we have said, see, EV is the longest development cycle for us. That means whatever investments we are making on the EV side right now, the real, for it to truly translate into a volume business, I think it would be somewhere in FY '29 onwards. Because we have to qualify for these programs, etc. PEEK, of course, in the overall grand scheme of things, it is a much smaller capacity as of right now. And this is something where we have to educate the customer and, expect the product in, within the local market. So, I think, right now, the trials are through, we have got samples made, we are talking to several customers. But I think really, for it to make a meaningful difference, I would have to say it will be post FY '29.

Rutu Chavan: Understood. And sir, in terms of our capacity that we have right now, and the additional 10 acre of land that we have bought, how much additional capacity can be added over there?

Rajesh Hegde: Yes, so with this 72,000 metric tons, that pretty much maxes out on our current land footprint. And that is why with the 10 acre land parcel that we are taking, that would give us approximately say about 20,000 tons of capacity additional if required.

Rutu Chavan: Understood. And as we can see, we have already done 16,000 tons of, I think, volumes in just H1. So, is it fair to assume that H2 is slightly better than H1 and would have higher volumes than what H1 had?

Amod Joshi: So, yes, this is Amod here. So, like we have said earlier, the current year, we are expecting, around 25% increase in the quantities, 25%-26% increase over the last year. If you take that into account, our second half is expected to be better than the first half.

Rutu Chavan: Understood. That is it from my side, sir. Congratulations again and Happy Diwali to all of you.

Rajesh Hegde: Sure. Thanks. Same to you.

Moderator: Thank you. The next question is from the line of Ashray Sheth from Ventura Securities. Please proceed.

Ashray Sheth: Good morning, sir. Congratulations, firstly, for a wonderful set of results. We have been performing well continuously. So, wanted to ask a question on the export side. So, we are confident that the export revenue should scale up in the coming future. So, can you give us a visibility on this realization in EBITDA per ton for export versus domestic? And how do you see the geographical revenue mix influencing the company's blended EBITDA going forward and the profitability 3-5 years down the line?

Amod Joshi: So, as far as the export business is concerned, we have said earlier that the profitability is 3%-5% better than the domestic. And that has been the historical trend. Considering the strong tailwinds that we are having in the export market, we do not see much difference in that premium that we get in the export market. Within markets, how the sale is going to be there, if you see Middle East, we are not seeing any slowdown in the business. And Europe, you want to just.

Rajesh Hegde: So, let me just, I think your question was also that going forward, what is going to be the geographical mix, right? That is what you were asking for. So, like roughly, I would say, about less than 10% of the business or the revenues come from Europe and the Americas. Middle East is also approximately around 10%. And about 73% is within India is what we supply. So, overall, if you were to further break down that exports, then in terms of revenues, let me just look up this number. So, going forward, but, your question was on the EBITDA per ton. As Amod said, when we export, obviously, it is the higher margin. And we have been working on with several customers in different geographies so far. And in the past few quarters, where we were supplying on a test basis, and now we are seeing that those volumes to be going up incrementally higher. And of course, we would like to see above, right now we are at about 32% of our revenues comes from export. Going forward, we will try to inch it up to over the next, say, 1 or 2 years, bring it back to the historical 40% of the overall revenue as well on an expanded capacity basis, in a sense.

Ashray Sheth: Got it, sir. And these exports, as these volumes expand their global manufacturing capacity. So, we tend to use it as benefits of our existing vendor approvals or fresh qualifications would be required?

Rajesh Hegde: No, wherever we are approved already, we don't need to get approved once again. So, there is an element of, increasing the wallet share with the customer. So, let us say, if I have a customer in export and he is adding capacity as well, the first primary objective is to keep that wallet share that you have with that customer. And if you see almost all of our export customers are basically, what we export is basically to transformer companies around the world. And all of them are expanding capacity and the idea is to keep that wallet share. And then the second thing is, of

course, to gain market share in the exports, because obviously, India has an advantage when it comes to, we have the advantage of supplying quantity as well as the quality. And once we have these qualifications, I think, we would be adding more geographies and more customers also going forward.

Ashray Sheth: Got it, sir. And one last question on the internal threshold side. So, as KFH scales up, what internal thresholds we have set for our ROCE leverage and cash generation?

Amod Joshi: So, as far as ROCE is concerned, we would expect our target is always to have an ROCE that is about 20% inching closer to 25%. As far as the cash generation is concerned, our first target was to have big cash positive from operating activities, which we achieved in this first half year. Now, the question is how much more we can inch it closer to the gross cash approval, which is your PAT plus depreciation. And it is a multi-quarter effort and we will try to be as close to the GC as possible going forward. And as far as leverage is concerned, currently we are at 0.38x and we were at 0.51 in the last quarter. We do not really, our target is to not have the leverage beyond the existing levels too much. Obviously, when the long-term debt comes, it is expected to slightly go up in the interim period, but on an optimum utilization, on the entire capacity of 72,200 metric tons, our target is not be very high as compared to where we are today.

Ashray Sheth: Got it, sir. Thank you for answering all my questions. Happy Diwali in advance.

Rajesh Hegde: Thank you.

Moderator: Thank you. The next question is from the line of Darshil Pandya from Finterest Capital. Please proceed.

Darshil Pandya: Am I audible?

Rajesh Hegde: Yes, Darshil.

Darshil Pandya: Yes, sir. Good morning and thank you for the opportunity. Sir, my question revolves around, are we using the new capacity of Supa that is, now the capacity is around 57,000 tons. So this H2, we will be seeing some capacity being utilized in this H2 or we will see everything coming in the next year only?

Rajesh Hegde: No, there will be some capacity utilized in H2 of this additional capacity.

Darshil Pandya: And the rest will come to this. And this 75% capacity utilization is the peak that we can do, right? Or we can even inch more towards 80%-85% mark?

Rajesh Hegde: At optimum levels, we maintain that we can go up to 85% over a period of time.

Darshil Pandya: Fair. And sir, we have been hearing that, you have given this 85,000 per tons guidance. Just to understand, sir, from last quarter it was 93,000, then it went to 1,10,000. What changes in between that, that, our EBITDA per ton increases and what as per you, if even we can go beyond this to probably say 1,10,000 or 1,20,000 tons? Just to understand what is happening?

Rajesh Hegde: Look, I think we mentioned in the earlier discussion. So what is, caused this EBITDA per metric ton to be as high as 1,00,000 is one is export percentages. If you see in this quarter is as high as 32%, earlier is to be 25%. Within specialized winding wire also, our sale to, higher value added wires within the specialized winding wire was also high in this quarter. A weaker rupee also helps us. So all these are multiple factors that, help EBITDA per metric ton to go up. Now, again, I will just repeat that, this EBITDA per metric ton can vary within quarter basis. These factors may go up or go down. But I will only caution that we should, what we are comfortable on a longer term basis at an optimum utilization level is Rs. 85,000 per metric ton.

Darshil Pandya: Sir, and one last question. Have we given guidance for next year's wires that we are anticipating?

Rajesh Hegde: No, we have not given any guidance as such.

Darshil Pandya: Thank you so much and all the best to you and your team. Happy Diwali.

Rajesh Hegde: Thank you.

Moderator: Thank you. The next question is on the line of Rohan from Spark Capital. Please proceed.

Rohan: Yes, thanks for the opportunity. Most of my questions have been answered. Just one clarification. I do understand that the incremental volumes we do here on will have a more standardized wire component and hence will bring down EBITDA per ton versus where we are. But when I look at the specialized absolute volumes or CTC within that, that we have done in Q2, is that absolute volume also likely to come down here on? Or it will grow but just lower than standard and arithmetically our EBITDA per ton will come down but absolute EBITDA will be defended at the Q2 level?

Amod Joshi: So, this is Amod here. So, we have in the specialized winding wire and the T&D space, there are strong tailwinds that are there. The demand cycle we are not seeing to go down over the next few years. So, we do not anticipate a decrease in the volume sold in absolute terms going forward. But like you correctly mentioned, when the standard winding wire quantity goes up and the share increases in the overall volume, the EBITDA per metric ton will rationalize to some extent.

Rohan: I got my answer. Yes. So, it is only an arithmetic calculation, numerator, denominator effect that brings down EBITDA per ton, but it does not actually bring down the absolute EBITDA that we have been delivering. Yes.

Dhruv Chopra: That is right. Yes. So, the EBITDA per ton is a blended rate that we report and that will be dependent on the mix contribution. But growth in standard wires does not have any bearing in the profitability of specialized wires.

Rohan: Understood. Thank you and all the best.

Rajesh Hegde: Thank you.

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

Rajesh Hegde: Yes. Thank you, everyone, for participating in this conference and we are happy to answer any questions at any point later on in time. So, thanks a lot. And Happy Diwali to you as well.

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