November 09, 2026

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street Mumbai 400001
Scrip Code - 543597

To
National Stock Exchange of India Limited
Exchange Plaza, Bandra (East),
Mumbai 400 051
Scrip Code - VOEPL

Subject - Transcript for Q2 & H1 FY 2027 Post Earnings Conference Call held on November 06, 2026.

Dear Sir/Madam,

With respect to above captioned subject, please find attached herewith transcript of the Conference Call for Analyst and Investors held for Q2 & H1 FY 2027 on November 06, 2026 at 12.15 P.M. IST.

Thanking you,
Yours Faithfully,
For **Virtuoso Optoelectronics Limited**

PRASAD D ZINJURDE
Digitally signed by PRASAD D ZINJURDE
Date: 2026.11.09 16:23:42 +05'30'

Prasad Zinjurde
Company Secretary and Compliance Officer
M No A54800

Virtuoso Optoelectronics Limited

Q2 & H1 FY27

POST EARNINGS CONFERENCE CALL

November 6, 2026 12.15 PM IST

Management Team

Sukrit Bharati - Managing Director
Sajid Shaikh - Chief Financial Officer

Call Coordinator

KAPTIFY®

Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q2 and H1 FY27 Post Earnings Conference Call of Virtuoso Optoelectronics Limited.

Today on the call from the management team, we have with us Mr. Sajid Shaikh, Managing Director, and Mr. Sajid Shaikh, Chief Financial Officer.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to brief us about the business and performance highlights for the period ended September 2026, the growth perspective and vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

Sajid Shaikh: Thank you, Vinay. Good afternoon and welcome to everybody. Thank you very much for joining this call and taking the time out.

So this year continues to be a year for growth, a growth year for us. As a company, I think H1 this year was -- H1 last year has been a substantial growth that we have been able to show on all fronts, despite of the fact that Q2 generally is a lean period for us, which was the case even this year, I think, we still have been able to put out -- put up a decent show over here. On the numbers front, if I have to look at the standalone results, I think, a INR 300.49 crores, roughly INR300 crores was what we have been able to do last year. And this year the number stands at about INR 534 crores, which is a 78% growth year-on-year, H1 last year versus H1 this year.

Similarly, on the absolute EBITDA, we have shown a 60% growth from INR 31.9 crores of last year we are at INR 51.16 crores this year. So a 60% growth on the absolute EBITDA. Another encouraging number on this front is the PAT. So the absolute PAT for last year was INR 3.27 crores versus this year, which is INR 10.22 roughly crores, INR 10.22 crores. So a 213% growth.

So these are the numbers that are for this standalone results. When you look at the consolidated results, I think those results are also encouraging with a top line growth of 83%. So INR 302.56 crores last year versus INR 544.8 crores this year. On the absolute EBITDA we

have a 77% growth, from INR 31.7 crores last year versus almost INR 56 crores of this year. And absolute PAT from INR 2.54 crores of last year to INR 11.74 crores this year.

So I think overall this year has been good. As a company whatever numbers we had initially envisaged and set out to do for, I think we are on track for doing those numbers. The capacity expansions that we have spoken about are all underway. And I think going forward for the next 6 months, Q3 and Q4 look to be encouraging for us. The order book looks very encouraging and we should be able to achieve the numbers that we have been talking all along.

Capacity expansion, as I said earlier, I think if you have to go segment-wise, EMS, the facility that we had spoken about, is almost in the process of a commissioning. I think in the next 45 days it should be operationalized. On the AC front, indoor unit, almost 70% of what we had planned in terms of capacity expansion has already been put in place. The balance 30% is underway, and I think hopefully by December end that should be there in place. ODU expansion will follow after that. On the compressor side, we are hoping that we will be able to go live with the enhanced capacity by the end of this year, hopefully by the end of this financial year.

So I think all in all, it's been a good year so far for us, and we hope that we would want to continue on the same note and deliver whatever best we can for this year.

Moderator: Thank you, sir. We'll open the floor for Q&A. [Operator Instructions]. We'll take the first question from Shreyansh Jain. Shreyansh, you can go ahead please. Also request all participants to limit it to 2 in the initial round so we can address all questions timely.

Shreyansh Jain: Hello, am I audible?

Sajid Shaikh: Yes, you are.

Shreyansh Jain: Thank you for the opportunity and congratulations to the management for delivering good set of numbers. Couple of questions from my end. First, sir, one of the prominent brands mentioned that they are looking to increase their outsourcing mix. In addition, there are small players entering the market via outsourcing. So do you feel the outsourcing mix of the industry to increase going forward, and that benefits players like us?

Sajid Shaikh: I think this is one thing that we have been saying all along. So the numbers can swing a little up and a little down, but overall I think 40% to 60% has been the number that we have been maintaining as far as outsourcing is concerned. And I think that is the direction that the industry also looks to -- appears to be taking. As far as we are concerned, I think we have our hands full as of now. We would want to ensure that whatever orders we have taken on hand are delivered and we do the committed numbers to our customers.

Shreyansh Jain: Okay. And sir, could you please throw some light on each product vertical's demand utilization levels and client additions, if any?

Sajid Shaikh: We would want to refrain from using names over here in terms of client additions. I think, if you go segment-wise, capacity utilizations, I'll just speak on those numbers. I think EMS, in any case, our capacity utilizations have been in excess of 75%. We continue to be there. The additional capacity that we are trying to put in is more intended towards captive consumption. So as and when it goes live, I think we will continue to be at 75%, 80% of utilization over there. AC, the utilizations have gone up and I think the season probably has kicked in a little earlier than anticipated. And at an annual level, I think we still believe that about 55%, 60% kind of capacity utilization is what is possible there.

Compressors, we are almost at about 70% utilization as we speak, 70%, 75% as of now, and it is expected to touch about 80% as we progress Q3 and Q4. Freezers also, we are running at about 65%, 70% capacity utilization. So I think we are almost at an optimum level of utilization in all these segments that we have.

Moderator: Thank you. We'll take the next question, from Piyush Jain. Piyush, you can go ahead.

Piyush Jain: Yeah, am I audible?

Sajid Shaikh: Yes, you are. Yeah.

Piyush Jain: Hi, good morning, Sukrit, sir. Sir want to just understand on few things related to compressors like you just mention that we have already reached around 70%, 75% capacity utilized, which we are talking about 28 lakh units.

Sajid Shaikh: Yeah.

Piyush Jain: Current capacity yes

Sajid Shaikh: Yes, the current capacity is 28 lakhs so if you divide that and you see that 2.2 lakhs, 2.3 lakhs, per month is the actual capacity that we have a monthly capacity. So we have already started hitting numbers at 70% 1.6 lakhs, 1.7 lakhs.

Piyush Jain: So when the Phase 2 expansion, which is 60 lakh units, will come on stream?

Sajid Shaikh: Hopefully by the end of this financial year, Q4, mid of Q4, end of Q4.

Piyush Jain: Okay, so little bit more want to understand on compressors because, there are many even bigger players than us are not even manufacturing compressors in-house and largely dependent on imports from China. So what advantage or right-to-win it gives us? Second, is the margin is on the higher side as compared to our existing overall business of AC and EMS and all? And third, how much the bifurcation portion if you can give? We use captive and anything compressor right now we are selling outside only compressor.

Sajid Shaikh: I'll start with question number 3 first. So out of the 28 lakh capacity that we have, I think our capacity, our captive consumption will not exceed maybe let's say about one lakh, 1.2 lakh this year. So I think it's quite a minuscule number as such. So everything that we are doing is being sold out. That's one.

Two is that, the second question you had was on the enhanced capacity, you were saying I'm sorry I just forgot as I was speaking. Can you can you just repeat those two questions?

Piyush Jain: No, no. So my question was as you said this will be started -- 60 lakh will be start in the end of this year and you are already by the end of this year, you will be already hitting the 28 lakhs, almost optimum utilization.

Sajid Shaikh: Correct.

Piyush Jain: So, what can we expect to the next year? Second, what I asked, the margin is differentiated than other existing business, which is like, let's say, 8% to 10% margin, if compressors gives us a higher margin?

Sajid Shaikh: So compressor for the moment is not giving higher margins because of the simple fact that we are competing with the imported prices. So obviously the margins are lower than what we have in the other

segments as of now. But we are hoping that this would increase because of the two factors. One is that as imports reduce, we probably will be able to improve margins. And second is that as we start backward integrating, which we will start doing from Q4 this year, I think once we get into that, I think the margins will start improving, or let's say they will come at par with the other products that we have. As far as the additional capacity is concerned, we are anyways in talks with more customers and we are hoping that there will be 1 or 2 larger customers joining us by the time we have our capacity doubling. So I think even on that capacity, we expect that the next year should be at anywhere between 40% and 60% of capacity utilization.

Piyush Jain: Okay. And the last point, so since you started a lot of businesses in last few years, which is like coolers and dispensers, now compressors. So now going forward from where the growth will be coming because this year only we have growth by, let's say, half year around 80% odd, and we have registered around somewhere under INR 500 crore, INR 530 crore. If I assume, even H1, H2 disparity, whatever is there, we should be let's say touching around INR 1000 crores, to INR1,100 crores, whatever number. So how's the growth path for the next 2-3 years? And which will be the products which will now take the growth from here on?

Sajid Shaikh: See, in all of the segments that we have established, I think we haven't realized full potential even of the capacities that we are talking about. So I think the trajectory for the next 2-3 years, the growth potential will be within these 4 segments. There is no new segment that we have kind of accounted for when we are talking about a continued growth of in excess of 30%. So each of the segments, for example, AC, we are in the process of enhancing capacity. So that's one area where we remain bullish and the growth will keep coming from there.

Compressors, of course, we spoke that we are increasing our capacity from the existing 2.8 to 6 million. So that's one area over the next 18 to 24 months, it goes live, gets ramped up and start sweating at the optimum level. Similarly, deep freezers, we have a capacity of 1.5 lakh and we are moving that to 2.5 lakh, hopefully by, let's say that as we enter into the next season. So I think all of these areas will keep giving us the numbers that we have envisaged. I think there's nothing -- I don't know if I'm considering your -- I'm reading your question correctly or not. But I think for the next 2, 3 years, these are the same product segments that we are talking about, and they will be able to deliver the results.

Piyush Jain: And what is the guidance, any guidance? Because earlier we used to give guidance. So what is the guidance for, let's say, what number we will achieve in '27-'28?

Sajid Shaikh: We would want to give it a pass for the moment. I think the only guidance that we want to talk as of now is a consistent CAGR of 30 plus.

Piyush Jain: Okay. And we have stopped giving this bifurcation mix of the product-wise. Any specific reason, or can we give it? What is the sales mix percentage between the --

Sajid Shaikh: I think we have given -- we have given the mix on the investor PPT. If you go through it, it's already mentioned. You can have a look at. We have already given.

Piyush Jain: Okay. I'll check. I may I may have missed it. Okay, thank you. Thank you a lot. All the best.

Sajid Shaikh: Most welcome. Most welcome. Thank you.

Moderator: Thank you. We'll take the next question from Kunal Tokas. Kunal, you can go ahead.

Kunal Tokas: Am I audible?

Sajid Shaikh: Yes, you are, Kunal. Please go ahead.

Kunal Tokas: Thank you. My first question is on debt. You have a net debt of INR 400 crore. If you talk about the terms of the debt, its composition, repayment or refinancing plans, and the future outlook on where this number might go in the coming year?

Sajid Shaikh: So the endeavour, we have been saying all along, the endeavour, if you consider that in relation to equity, has been to keep it below 1. We continue to have that kind of an endeavour where we want to keep it below 1. The interim arrangement that because of the fact that we had an opportunity in compressors that we wanted to kind of encash on that opportunity, the window that we had We have issued OCD, and out of the total number that you've spoken about, almost INR 150 crores out of that is in the form of OCD that the subsidiary VCPL has issued. We do have a plan where we would want to replace that with the bank debt. Otherwise, the rest of it is all bank debt ranging between 8.25% to 8.4%, the average cost of borrowing.

Hi, Kunal. Have I answered your question?

Kunal Tokas: Yes, yes. I was trying to -- I muted myself and could not unmute it.

Sajid Shaikh: No problem.

Kunal Tokas: I have a second question.

Sajid Shaikh: Yeah,

Kunal Tokas: That is if you can talk about new clients in all segments and AC that you might have.

Sajid Shaikh: I think we spoke in the beginning--

Kunal Tokas: In generalized terms,

Sajid Shaikh: In generalized terms, I think, so we all know that we have been able to add 3 customers to the AC segment -- I mean Tier 2, Tier 1, both put together. We have been able to add a large customer in the deep freezer segment. As far as compressor is concerned, I think that addition is an ongoing process because of the fact that currently we are the only OEM/ ODM that is supplying to the market. So I think most of the brands that manufacture refrigeration products are buying from us. So we are adding. But yes, we understand that the quantum that they are purchasing from us is small to start with.

They would first want to make sure that you have a supply in place. And then as we move forward, we hope that we'll be able to gain a bigger wallet share from each of them.

Kunal Tokas: I think the specific question was, for the next, AC season, how do you see the composition of the order book in terms of contribution from the anchor client versus new client?

Sajid Shaikh: The anchor client will continue to be about 40% to 50% of the overall number that we will do. Rest of it, we have 3 that we have been able to add, and we hope that we'll be going forward, probably 1 or 2 more get added. But I think the anchor customer would remain at around 40%, 50%.

Kunal Tokas: Okay. Thank you very much, sir. Have a good day.

Sajid Shaikh: You're welcome.

Moderator: Thank you. We'll take the next question from Garvit Goyal. Garvit, you can go ahead.

Garvit Goyal: Hi, good afternoon, and congrats for a good set of numbers. I have 2 questions. One is on the outlook for second half. While we earlier mentioned about 30%, 35% kind of growth number for full year, but looking at the execution happened in H1 and the kind of optimism you are showing for H2, are you thinking that we will be doing well beyond the number that we earlier guided?

Sajid Shaikh: So when I said 30%, 35% CAGR, this is a long-term number that we have spoken about. And I think whatever additional we are doing this year is more towards compensating what we were not able to do last year. Let's put it that way.

Garvit Goyal: Got it. And sir secondly, I wanted to understand from you, more on the product mix and, and the margins front. While we used to give the guidance of net margins between, 2.5%, 3%, I'm not seeing that number inching towards 3%, so far. While in one of the earlier concalls you mentioned, your EBITDA margins will start improving FY28 onwards. Where are we right now in that direction? What are all those products which will ultimately help us inching towards the upward trajectory in the EBITDA and hence the net margins? How we should look at your margins over the next 1 or 2 years,

Sajid Shaikh: Sir? EBITDA, I'm not very sure. I think EBITDA, we have been consistently saying that will remain range-bound between 9% and 10%. I think, yes, of course, the bottom line, which is PAT, is something that we are very keen on trying to improve. And interest is one component, with an improved working capital cycle that we anticipate, with a better sweating of our assets that we have in place, better capacity utilization. I think that is a number that will come through. The number that you're seeing now is primarily because of the fact that Q2 in general is very lean for us, and that has been one of the reasons why you see a lower number there on the PAT.

But as we move forward, I think numbers that we have spoken about and the endeavour to make it closer to the 3% mark that we have been talking about is something that we are striving for.

Garvit Goyal: Understood, sir. I'll join back the queue, sir. Thanks.

Moderator: Thank you. We'll take the next question from Hemant Soni. Hemant, you can go ahead.

Hemant Soni: For the opportunity, sir. I'm new to the company, so pardon me if the questions are a little silly. So I just wanted to understand. I had a look at the PPT, okay, and which says that the new facilities at Nashik Phase 2 and Sanand and Chennai are currently wrapping up shortly. So can you please, sir, tell me that, that these facilities, I mean, each of them, Sanand, Chennai, and Nashik, they attribute to, I mean, which product?

Sajid Shaikh: So Sanand and Chennai are more towards the component manufacturing which happens in one of our subsidiaries, wholly owned subsidiary, Virtuoso Polymer Private Limited, where we are doing plastic, EPS and plastic extrusion components. Whereas in Nasik, all the products that we speak about, all of them are here in Nasik. So Nasik, we have a total of 8 facilities, some of them dedicated towards IDUs, some of them dedicated towards ODUs, some are more of -- I think one of them is more of a feeder plant kind of thing making components. One is an EMS facility. The latest one that we have is the freezer facility where we have freezer plus the compressors getting manufactured.

Hemant Soni: So sir, Sanand and Chennai caters to components and Nasik caters to IDU, ODU, EMS, etc., even compressors.

Sajid Shaikh: Full products, yes, and the compressors as well, yeah.

Hemant Soni: So sir, what can be the revenue contribution from Nasik Phase 2 in H2? Because I think it's a bigger facility, right?

Sajid Shaikh: So component is anyways a very small number. So whatever number you see is primarily almost 95%, 96% of that number that you see is all what we are delivering from Nashik itself.

Hemant Soni: No, sir. I wanted to know the revenue contribution from Nashik Phase 2 in H2.

Sajid Shaikh: You want an -- you want an estimate?

Hemant Soni: Yes.

Sajid Shaikh: I would refrain from giving you a number for the moment, but as I said earlier also, and I will repeat the same that we intend to grow at 30%, 35% over this 5-year block.

Hemant Soni: Over?

Sajid Shaikh: A 5-year period.

Hemant Soni: 5-year period. And sir when can we see the PAT improving?

Sajid Shaikh: PAT also, as I said, it's a constant endeavour, and I think PAT should start improving from this year onwards vis-à-vis last year, as a multiple of factors, like for example the interest cost that I've spoken about and capacity utilizations.

Moderator: Thank you. We'll take a follow-up question from Piyush Jain. Piyush, you can go ahead.

Piyush Jain: Yeah, just a follow-up on the debt number, whatever is right no. Two questions I have. First, is there anything pipeline to do any other product backward integrated which can improve the value chain we control and improve the margin future? And second, since we are growing at very rapid rate and we are continuously invested in CapEx in the past and future also continues to be -- so will there be more dilution on the cards? Because the debt number is also at the level which you are referring to 1x of equity. So how to fund the future CapEx? What is the plan? And backward integration, margin improvement?

Sajid Shaikh: So backward integration, we are planning. I mean, the plans are there to backward integrate in compressor. As far as AC is concerned, I think, IDUs, we are almost 85%, 90% backward integrated. ODUs, we are at about 60% kind of a backward integration. We are looking to expand our backward integration, one in IDU, with the help of having in-house controller boards. And of course, compressors, we are sitting at, depending on the model, between 10% and 25% of value add today, we would want to take it to up to 60% in the next maybe a year or so. So these are the 2 product segments where there is a planned increase in backward integration.

Piyush Jain: And second, on the future CapEx and dilution--

Sajid Shaikh: As long as we keep looking at a 30%, 35% growth, I think additional capital, external capital will be required. And as I said earlier, that the endeavour has always been to keep the debt equity to below 1 or close to 1. So we try and balance it out. Obviously, the first go-to instrument is debt, but when we see that we require any further capital, and if debt has reached a certain saturation level, then equity raises will be done. I

think that will happen maybe in future, but for now, can't really give you a number or a timeline for that.

Piyush Jain: I'll rephrase in another way. What I'm trying to understand from last two three years, as a promoter shareholding, they reduce from 65%-odd to right now 44%. So up to what level you will not dilute, you will continue to hold whatever number is in your mind 40% or whatever number, or even though lower also you are fine till the time company is growing.

And second question is on PLI INR 100 crore which you are saying anything we received till now or how we will receiving going forward future annual basis any idea ballpark.

Sajid Shaikh: These are the last two years we have been receiving. We have received all the money that was supposed to come prior to this. This year also, we are expecting that Q4 we should receive INR 20 crore which was due for this year. And there's another year left. So the next year we will get INR 20 crores additional. For the first question you asked--

Piyush Jain: This INR 20 crore is -- yeah, this INR 20 crore is right now not factored in H1 number?

Sajid Shaikh: It is on accrual basis quarterly.

Piyush Jain: Okay, okay, fine. Yeah, yeah, first question on the promoters.

Sajid Shaikh: So there's no real number that is there on the minds of the promoters as of now. I think growth of company is paramount, and as time progresses, as the situation unfolds, I think decisions will be taken accordingly. But as of now, a number cannot be given as to this is the baseline or this is a red line, so to say, where we don't want to fall below that number.

Moderator: Thank you. We'll take a follow-up question from Kunal Tokas. Kunal, you can go ahead.

Kunal Tokas: Hello, Just two quick questions. Can you hear me?

Sajid Shaikh: Yeah, yeah, yeah, you can. You are audible. Yeah, please go.

Kunal Tokas: First is, can you provide a status update on the Star Eltech manufacturing facility in Chennai, and are you exploring more such arrangements in other places?

Sajid Shaikh: Star Eltech is currently on hold. It has not progressed from where it was. This is something which is not in our control. This is more to do with the lessors over there. Cannot disclose more than that, but that's currently on hold. We have been exploring such opportunities, but there's nothing that we have been able to find. And in any case, we have now entered the season. So we don't foresee that this year is the year where we will add anything more of that sort.

Kunal Tokas: The second question is on -- okay.

Moderator: Yeah, Kunal, you can go ahead.

Kunal Tokas: Okay, thank you. The second question is on the larger AC volumes that we expect next year because of the larger capacity that we will have. Do we expect existing clients to meet that increase volumes, or have we built in some assumptions for new clients as well?

Sajid Shaikh: Of course, there is going to be ramp-up in terms of the orders that we are getting from the customers. So that's there. And addition of clients will also happen in due course of time. We have -- so as we stand now, I think we are as in our hands are full. We don't have space or capacity today to add any more customers, but as we keep adding capacities, we do have active interest that we will start catering to.

Kunal Tokas: Good to hear. Thank you and have a good day.

Sajid Shaikh: Thank you.

Moderator: Thank you. We'll take another follow-up question from Shreyansh Jain. Shreyansh, you can go ahead.

Shreyansh Jain: Hello, thank you for the follow-up, sir. First, our inventory number has increased substantially this half. So do you expect to -- it get liquidated in the next half?

Sajid Shaikh: Yes, mostly. It will normalize is what I can say as of now. It will get normalized as we move forward because the season has started.

Shreyansh Jain: Okay. And sir, could you please provide a revenue breakup for this quarter between ACs, deep freezers, compressor? It is not there in the presentation, sir.

Sajid Shaikh: For Q2, you're saying?

Shreyansh Jain: Q2, yes, sir.

Sajid Shaikh: That number I don't have offhand, but I think AC in general has been lesser. I think it is between 30% and 40% of the overall.

Shreyansh Jain: Okay, sir. Thank you so much.

Sajid Shaikh: Yeah,

Moderator: Thank you. We'll take a question from Shreya Bajaj. Shreya, you can go ahead.

Shreya Bajaj: Am I audible?

Sajid Shaikh: Yeah, yeah, you are.

Shreya Bajaj: Yeah, my question is on the CapEx side. For FY27, you guided for INR 80 crore to INR 100 crore of CapEx and INR 20 crore to INR 25 crore of product CapEx in refrigeration. And so my question is, how much has gone into compressor side, and any further CapEx is required for reaching peak revenue?

Sajid Shaikh: No further CapEx, so whatever CapEx has been planned, I think that's there ongoing, and that is what we require as far as our numbers are concerned. The highest CapEx that was required was for compressors, about INR 120 crores, INR 130 crores, and I think a large portion of that has already been invested. Balance all other products, we believe that most of the CapEx has been done or accounted for or tied up. So there's nothing new that's coming up in this year. I think it's only a matter of trying to get everything in place.

Shreya Bajaj: Okay, got it.

Sajid Shaikh: Thank you.

Moderator: Thank you. We'll take another question from Pawan. Pawan, you can go ahead.

Pawan R: Hello, sir, am I audible?

Sajid Shaikh: Yes, you are.

Pawan R: Sir, I joined lately, okay? Can I get to know the CapEx completion timelines and their utilization? What will be the utilization rate in FY28?

Sajid Shaikh: CapEx that we have planned for this year, you're saying?

Pawan R: Yes, sir. Like, AC INR 1.8 million and that all, this one compressor INR 6 million. When will they complete, sir?

Sajid Shaikh: I think I have answered it anyways. No problem at all. So compressor, we are hoping that by the end of this financial year it should get completed. We should be ready with that 6 million capacity. For that capacity, we are expecting between 40% and 60% kind of a utilization going forward in the year '27-'28. That's the compressor side of it. AC also is an ongoing process where the IDU bit, the IDU bit we have already completed. 70% of that has been done, 30% remains, which should be over in the next 1.5 to 2 months' time.

ODU will follow it subsequently. So I think this additional capacity that we have, again, next year we are anticipating that we should be able to hit a number of around 50%, 55% of capacity utilization on the additional capacity that we have put in place for the year '27-'28.

Pawan R: Okay, sir. Thank you.

Sajid Shaikh: You're welcome.

Moderator: Thank you. We'll take another question from Siddharth Jain. Siddharth, you can go ahead.

Siddharth Jain: Ahead. Hi, good afternoon, and congrats, great numbers. Sir one question, I see some debentures were issued in your subsidiary, so I just want to know who holds these INR 150 crore debentures in VCPL and what are the coupon and the conversion valuation? And what is VOEPL's stake in that after the conversion?

Sajid Shaikh: No, so the idea is not to convert it. That's one thing that I would want to make it clear. It's True North that holds the overall -- the idea has always been to use this as a bridge arrangement, a bridge capital, and this will eventually get converted into bank debt over the next 15, 16 months now.

Siddharth Jain : Understood, understood. And also, if you can just do a breakup of the INR 125 crore of other current financial assets in your balance sheet.

Sajid Shaikh: I'll have to see. I think a large portion of that, I'll have to see. I don't have the numbers on hand -- offhand, sorry.

Siddharth Jain : Understood.

[Technical Difficulty]

Sajid Shaikh: not able to hear you. I think your voice is a little muddled.

Siddharth Jain : I just want to know the unit price of the compressor.

Sajid Shaikh: ASP you want? ASP?

Siddharth Jain : Yeah, yeah, ASP.

Sajid Shaikh: INR 1,400, INR 1,500.

Siddharth Jain : Okay, okay, sure. Thank you. That's it from my end. Thanks.

Sajid Shaikh: Yeah, thank you.

Moderator: Thank you. We'll take a follow-up question from Hemant Soni. Hemant, you can go ahead.

Hemant Soni: Sir, first of all, thank you for providing me the opportunity again. And my question is similar to the question of one of the participants asked earlier. Sir, when you were answering the timelines and the status of the ongoing CapEx, I think you're -- we lost your voice in between. So can you please come again on that? I heard the compressor part that 60 lakh units is getting commissioned by end of FY27. Can you please throw some light on EMS, deep freezer, and AC as well, because I lost your line in between?

Sajid Shaikh: EMS this year, I think by December it should be live, the additional capacity, although it will not contribute to the top line, as I said earlier as well. I think it's going to be utilized more towards captive consumption. So it's under commissioning stage. It should go live by December, the EMS side of it. AC indoor is ongoing, and I said 70% of that has already been done. There's another 30% that should happen over the next 1, 1.5 months. So IDU will be done, and post that we start with the ODU. But I think ODU will be more -- available for commercial utilization in the next year.

Hemant Soni: And the deep freezers?

Sajid Shaikh: Deep freezers, we are at 1.5 this year, and hopefully before the end of -- before the start of the next season, we should have the additional capacity of 1 lakh. So it will move from 1.5 to 2.5 hopefully in next June, July.

Hemant Soni: In next?

Sajid Shaikh: June, July.

Hemant Soni: June, July. Okay, sir. Thanks a lot.

Sajid Shaikh: You're welcome.

Moderator: Thank you, sir. We have one question in the chat. It's from Abhishek Hindocha. He's asking pass-through of cost to brands. What is the status? Have we passed it or will be passed?

Sajid Shaikh: It's an ongoing process, I think, but the effects of that will start to be visible in Q3.

Moderator: Okay. [Operator Instructions]. So we have a question from Abhishek Agrawal. Abhishek, you can go ahead.

Sajid Shaikh: Rishabh, I believe.

Moderator: Rishabh, Rishabh Agrawal, sir.

Rishabh Agrawal: Hi, sir. Good afternoon.

Sajid Shaikh: Good afternoon.

Rishabh Agrawal: What is the current capacity for AC?

Sajid Shaikh: 1 million as we speak.

Rishabh Agrawal: 1 million, understood. And because you mentioned that IDU, 70% of it is operationalized. So by January--

Sajid Shaikh: 70% done, not operationalized. I said 70% of the additional CapEx that has been done, enhancement.

Rishabh Agrawal: And by January, do we expect this number -- then where do we expect this number to be?

Sajid Shaikh: So we should have a 14, 15 lakh kind of a capacity on the IDU side. 15 lakh, 1.5 million, 1.6 million, kind of a number, peak capacity.

Rishabh Agrawal: Okay, understood. And, and that would be the capacity which would be available for us for the May quarter, which would be the March and June. Q1 we will be operating with 10 lakh capacity.

Sajid Shaikh: Correct.

Rishabh Agrawal: Understood. And sir the EMS facility, do we at all see outside revenue from it, or is it completely captive?

Sajid Shaikh: So the idea is obviously to get top line. The idea is to sell outside as well, but we would first want to use it for our own models, our own designs, and hence captive consumption is where we start with. We are starting with one line, but the provisioning is such that we would -- we can ramp it up to 3 lines. And as we get more acceptance from the market as far as our design is concerned, I think we will start selling outside as well. But this year, to start with, it's going to be captive consumption.

Sukrit Bharati: So just to add that the existing capacity is more or less feeding -- 70% of the existing capacity is feeding external customers. What he's referring to is the capacity that is getting added now.

So the capacity that is getting added now is initially, of course, for captive requirement, but we are also actively looking at external opportunities. And the expandability -- the nature is such that we have kept expandable scope so that when we get external opportunities, we can quickly expand and cater to that capacity also.

Rishabh Agrawal: For our captive consumption, the EMS is mostly used in remotes or what kind of products?

Sukrit Bharati: The controllers that go in air conditioners are the primary requirement. So the total value of a controller --

Rishabh Agrawal: I'm sorry, I can't hear you. Hello?

Moderator: I think we lost Sukrit, sir.

Sukrit Bharati: Hello? Yeah, so I'm saying it's almost 50% of our bill of material. It is also required in refrigeration products because the controller and SMPS boxes are made in the electronic facility, which we are making now also. But as the requirement grows, we'll need more capacity for that.

Rishabh Agrawal: So, sure, sir. Initially we lost you. So you were talking about the value of the content, and that's where we lost you.

Sukrit Bharati: About INR 3,000 out of a INR 20,000 air conditioner is the cost of EMS. Which we are partially doing in-house and partially buying, but we intend to take most of it in-house once the expanded capacity is live.

Rishabh Agrawal: Understood. This is helpful. Thank you, thank you so much, and all the best for the next half year.

Moderator: Thank you. We'll take the next question from Nikhat Koor. Nikhat, you can go ahead. Nikhat, you are not audible. Hello? Yeah, I think we--

Moderator: If you want, you can send us the question in the chat box. We'll just address it on your behalf. In the meanwhile, there was one question in the Q&A box from Abhishek Hindocha. Follow-up question, what will be the pass-through to brands in Q3 for all the products or for room AC only?

Sajid Shaikh: What will be the pass-through?

Moderator: I think he's trying to understand, will there be a pass-through to brands in Q3 for all products or only for room ACs?

Sajid Shaikh: Room ACs, room ACs.

Sukrit Bharati: No, no, I mean pass-through is happening in all products across. Actually, the price is now for the other products been a little more stable in the last 6 months. So if there's no major change in price, then there will be no major pass-through. But the pass-through is ongoing. I mean, especially in products, customers are also supporting, and I think the market is also effectively taking the rate increase. A little slow, but it is getting digested in the system.

Moderator: Sure, we'll take the next question from Rajas Joshi in the meanwhile.

Rajas Joshi: Congratulations on a good set and thank you for the opportunity. Just one small question. I think in the previous quarter you had flagged some softness in terms of the demand for our freezers category. Just wanted

to check if -- I mean, are we seeing some traction or some pickup in demand for that in the current scenario?

Sajid Shaikh: So, I don't believe the demand softened, but of course Q2 due to seasonality, the numbers were not at peak. But in the coming 6 months, we have a very strong order book and we see almost full capacity utilization or at least 70%, 80% or optimal capacity utilization of the existing capacity in commercial refrigeration.

Rajas Joshi: Understood. And secondly, a small bookkeeping question. Depreciation, I mean, expense booked in the P&L has fallen on a sequential basis that is quarter-on-quarter. Any reason for that?

Sajid Shaikh: I think it's more to do with the right of use, not because of the depreciation on assets. So, one lease property that we were using, we have -- we've vacated that lease and moved that warehouse in-house because of the new construction. So I think because of the ROU reduction that has come down, is my understanding.

Rajas Joshi: Okay. And then interest cost would also again then be a function of that, if I were to understand that correctly.

Sajid Shaikh: Correct.

Rajas Joshi: Understood. Thank you, thank you, and wishing you festive greetings and all the best for the next few quarters and years.

Sajid Shaikh: Thank you very much. Thank you.

Moderator: Take the next question from Siddharth Jain. Siddharth, you can go ahead please.

Siddharth Jain: Yeah, thank you, thank you for the follow-up. So just, one observation that our employee cost, the consolidated employee cost is around INR 7.46 crore, which is actually lower than a standalone. If you can just explain this gap or bridge.

Sajid Shaikh: What is that number? I have to check and get back to you on this. We will share in a moment here.

Siddharth Jain: Yeah, thank you.

Moderator: Thank you. We will take the last question from Saaranga Shetty. Sarang you can go ahead.

Saaranga Shetty: Yeah, hi, thanks for the opportunity. just wanted to know, are we facing any supply chain constraints and how are the inventory levels in RAC finished goods and also the volume growth in RACs in Q2, if you could share please?

Sajid Shaikh: We lost you. I could not hear what you have said, only the last statement. If you can just come, come again.

Sukrit Bharati: I think she said growth in RAC. So RAC last quarter for us was almost 40%, Q-on-Q, in RAC. And inventory, we have started ramping up inventory for RAC season because October onwards the season starts taking off. And also import allowances on some material are expiring in -- are expiring in November and October. So to plan for that, we have started building on inventory based on the current season's demand.

Saaranga Shetty: All right. So are we facing any supply chain constraints apart from that?

Sukrit Bharati: No. I mean, there are -- supply chain is better than Q4 last year with all the disruptions. But yes, not as smooth as before, but it is getting there. So things are normalizing a little bit.

Saaranga Shetty: Okay. All right. Thank you.

Sajid Shaikh: Thank you.

Moderator: Thank you. Since this was the last question for the day, I would request management to give any closing comments.

Sajid Shaikh: Firstly, thank you everybody for taking the time and visiting us. We believe that we had a strong H1, and I think we are looking at a strong H2 based on the demand projection that we have. And we hope that we can deliver on good set of numbers in the coming H2 as well. Right, thank you so much and wish you all a very happy Diwali.

Moderator: Thank you to the management team for your valuable time, and thank you to all the participants for joining the call. This brings us to the end of today's conference call. You may all disconnect now. Thank you.