Prostarm/Secretarial/2026-27/80 November 17, 2026

To, **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip Code: 544410**	**National Stock Exchange of India Limited** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 **Scrip Symbol: PROSTARM**

Sub: Transcript of Earnings Conference Call for the Quarter and Half year Ended September 30, 2026

Ref: Regulation 30 and 46 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations), 2015 (the "SEBI Listing Regulations")

Dear Sir/Madam,

Pursuant to Regulation 30 and 46 (2) of the SEBI Listing Regulations, please find enclosed the transcript of the Earnings Conference Call held on **Thursday, November 12, 2026 at 04:00 PM (IST).**

The above communication is also available on the Company's website at www.prostarm.com.

Kindly take the above information on record.

Thanking you,

For **Prostarm Info Systems Limited**

SACHIN GUPTA

Digitally signed by SACHIN GUPTA
Date: 2026.11.17 16:06:23 +05'30'

Sachin Gupta
Company Secretary and Compliance Officer
Membership No: F12500

Encl: as above

"Prostarm Info Systems Limited

Q2 FY27 Earnings Conference Call"

November 12, 2026

(E&OE - This transcript is edited for factual errors.
In case of discrepancy, the audio recordings uploaded on
the stock exchange on November 12, 2026 will prevail)

MANAGEMENT: **MR. RAM AGARWAL – PROMOTER, CHIEF EXECUTIVE OFFICER AND WHOLE-TIME DIRECTOR – PROSTARM INFO SYSTEMS LIMITED**
MR. ABHISHEK JAIN – CHIEF FINANCIAL OFFICER – PROSTARM INFO SYSTEMS LIMITED

MODERATOR: **MR. ROHAN BARANWAL – ARIHANT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Prostarm Info Systems Limited for Q2 FY27 Earnings Conference Call, hosted by Arihant Capital Markets Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohan.

Rohan: Hello and good afternoon to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining in to the Q2 and Half Year FY27 Earnings Call Conference of Prostarm Info Systems Limited. Today from the management, we have Mr. Ram Agarwal, the Promoter, CEO and Whole-time Director of the company; Mr. Abhishek Jain, the Chief Financial Officer of the company. So, without any further delay, I'll hand over the call to the management for their opening remarks. Over to you, sir.

Ram Agarwal: Good evening, everyone. Welcome to our Earnings Conference Call for the second quarter and first half of Financial Year 2027. Thank you for joining us. I trust you had an opportunity to review our results. The demand for our power solution continues to remain encouraging, supported by rising electricity consumption, increasing renewable energy integration and the growing need for reliable power backup and energy storage solutions.

These trends are creating opportunities across conventional power solutions as well as emerging segments such as battery energy storage systems, providing a favorable backdrop for the company's growth. India's battery storage market is expected to grow more than eightfold between 2025 and 2034 at a CAGR of approximately 25%

This growth is being driven by increasing renewable energy integration, the need for greater grid flexibility, supportive government policies, declining battery cost and rising adoption of storage solutions by commercial and industrial customers. Separately, India's data center capacity is expected to increase from approximately 1,150 megawatts in December 2024 to around 2,100 megawatts by March 2027.

And further to approximately 3,200 megawatts by financial year 30. This rapid expansion driven by cloud computing, AI adoption and rising digital consumption is expected to create significant demand for reliable power backup and conditioning solutions, providing growth opportunities for our manufactured UPS products.

Against this backdrop, we delivered a strong performance during the first half of financial year 2027 with revenue from operations growing 62.3% year-on-year to INR 196 crores given by healthy order execution. We also achieved an important operational milestone during the quarter with the commencement of operation at our 1.2 GWh Battery Energy Storage System (BESS) manufacturing facility in Jhajjar, Haryana.

And our UPS assembly facility in Bakrol, Gujarat on September 25, 2026. The commencement of operations at these facilities marked a significant step in expanding our manufacturing capability. While the Jhajjar facility strengthens our capabilities in large-scale energy storage solution. The Bakrol facility enhances our UPS manufacturing capacity across the 1 kVA to 600 kVA range. Together, these facilities expand our manufacturing base and strengthen our ability to address the growing requirements across utilities, commercial and industrial segments.

Turning to our order book and exhibition pipeline, as of September 30, 2026, our order book stood at approximately INR 1,121 crores spread across 97 ongoing projects. Government customers accounted for around 78% of the order book, which includes our BESS developer order worth INR 854 crores, order book carrying an annual rental of INR 62 crores over a period of 12 years. The remaining 22% of the order book is contributed by private sector customers, providing diversification across customer segments.

From a segment-wise perspective, BESS, EPC and developer projects accounted for approximately INR 909 crores, representing nearly 81% of the total order book. Solar EPC contract contributed INR 178 crores, or around 16%, while manufactured power solution products accounted for INR 26 crores. We received additional BESS order aggregating to 33 MWh from a portfolio of reputed customers in addition to our existing customers, Adani Electricity, Bihar State Power and Karnataka Power Transmission Corporation.

The growing contribution in the order book from BESS reflects the increasing scale of opportunities in the energy storage segment. At the same time, our presence across solar EPC and manufactured power solutions adds diversification to our business portfolio. Overall, the order book provides a healthy pipeline and strong execution visibility for the coming quarters.

On the international business front, we took our first step towards expanding our presence in the overseas market by exporting a sample home energy storage system to an international customer in October 2026. This marks an important beginning in our effort to explore export opportunities, particularly in the home energy storage segment.

We also successfully implemented SAP and Salesforce during the quarter. These systems are expected to strengthen business process integration, improve operational visibility and coordination, and streamline customer relationship management as we expand our operations. Looking ahead, the demand environment for power backup, energy storage, and power conditioning solutions remains encouraging. Increasing renewable energy integration, growing energy consumption, the need for great stability, and a greater focus on energy resilience are creating opportunities across this segment.

With the commencement of operation at our new manufacturing facilities, a healthy order book and expanding presence across conventional power solutions and emerging energy storage applications, we are focused on strengthening our execution capabilities and capitalizing on the opportunities ahead. Our priorities remain centered on scaling up manufacturing operations, expanding our customer and market reach, improving operational efficiencies, and building a stronger platform for sustainable long-term growth.

With this, I would like to hand over the call to our CFO, Mr. Abhishek Jain, for his comment on the financial performance. Thank you.

Abhishek Jain: Thank you, Ram. Good evening and happy Deepavali to everyone. Let me take you through the financial highlights for the second quarter and first half of the financial year 2027.

During the quarter under review, our revenue from operations stood at INR 120 crores, registering robust year-on-year growth of 82%. This performance was primarily driven by healthy order execution during the quarter. Our EBITDA stood at INR 9 crores, declining by 17% year-on-year, with EBITDA margin at 7.83%. Our PAT stood at INR 6 crores, declining by nearly 27% year-on-year, while PAT margin stood at 5.08%.

During the first half of the financial year 2027, revenue from operations grew by 62% year-on-year to INR 196 crores, reflecting strong business momentum. EBITDA stood at INR 16 crores, registering a modest growth of 5% year-on-year, with EBITDA margin at 8.06%. PAT stood at INR 11 crores, registering a growth of approximately 6% year-on-year, while PAT margin stood at 5.46%.

While revenue growth remained strong, profitability was impacted by a higher contribution from the relatively low-margin third-party for power and other product segments, along with the execution of the low-margin orders. This was further compounded by the elevated input and freight costs, foreign exchange fluctuation, higher employee costs, and increased overhead, and also related to the associated expenses for Jhajjar and Bakrol facility.

As we have highlighted earlier, margin in our project-led business are influenced by the nature of order executed and the time of project execution. With the expansion of our manufacturing capabilities, certain operating costs are also expected to remain elevated during the initial phase. Our focus remains on improving execution efficiencies and optimizing costs while maintaining healthy profitability.

Coming to working capital, the working capital cycle stood at 192 days as of H1 FY27, compared to 185 days in FY26. The increase was largely on account of higher inventory level maintained to support order execution, ensure supply chain continuity, and caters to the company's expanding business operation, along with the increased government deposits due to higher GST input credit and supplier advance.

Looking ahead, the company is focused on strengthening its execution capabilities, improving cost efficiencies, and ensuring better working capital management as the newly established manufacturing facilities scales up. With strong revenue growth and expanded manufacturing footprint and a healthy order pipeline, the company remains well positioned to capitalize on the opportunities across the power solution and energy storage segment. With that, I conclude my remarks. We will now be happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Paras Chheda from PurpleOne Vertex Ventures, LLP. Please go ahead.

Paras Chheda: Yes, good evening, sir. Thank you for this opportunity.

Management: Good evening, Paras.

Paras Chheda: Yes, good evening, sir. I mean, to start first things first, revenue has, of course, grown quite substantially led by healthy execution. But we have seen this EBITDA margin that has moderated substantially.

So Q2 margin was 7.83%. Now, earlier you had indicated about 13%, 14% EBITDA margin for FY27 as a broad range. Now, is that guidance still achievable? And what is the quarterly margin trajectory now you expect in H2?

Management: Yes, Paras. There has been moderation in the EBITDA because of the increased cost and also in the current market, it is about taking order and executing it. This has been the phase for the H1. And the freight cost has gone up. It has almost doubled. Correspondingly, even the forex cost has impacted the bottom line because of the fixed price tariff-based contract that we execute.

However, I feel that H2 should have moderation. And we would see the growth coming in. And we are well poised to achieve a decent turnover of around, with the order in hand, we are well positioned to have around INR 500 crores of revenue being booked in the current financial year. So, we can see some moderation in the margin. But overall, it would be on the higher side.

Paras Chheda: Sorry, you said for this financial year, what kind of revenue is it? Sorry?

Management: We have around INR 260 crores plus of order in hand left for the financial year, Paras. So already INR 266 crores of order in hand is there with us. Apart from that, from channel, additional around INR 25 crores to INR 30 crores of revenue would be -- we can book based on the month-on-month number. So, if you take INR195 -- INR200 crores plus this, we are positioned to achieve number of around INR500 crores.

There will be some drop in the margin, earlier, we were very, very confident of maintaining very high margin. But right now, situation in market is that we should be clear in taking order. So, what's happening, we should -- in fact, you would have seen, I have not quoted few of the customers name as well while taking, though I've taken the best order, but I'm not naming name of those customers as like earlier we used to do. Because [Inaudible 0:15:50] hello?

Moderator: Yes sir.

Management: Paras ji, you can hear me, right?

Paras Chheda: Yes I can hear you.

Management: So, you would find some moderation happening. But yes, on absolute term, we should be on the higher side. It would grow.

Paras Chheda: Right. So, about let's say INR 500 crores of potentially of revenue, and what kind of EBITDA margins do you now expect, you know, if you just sort of tone it down to? Will there be an improvement?

Management: Yes, yes. There would be some improvement because now things have started settling. Market has also seen some sign of recovery. And additionally, we have also now since the best factor [Inaudible 0:16:29]

Paras Chheda: Right. So, okay. So, I mean, so would you like to leave us with a range for EBITDA margin or I mean for full financial year now?

Management: [Inaudible 0:16:41] Sorry, line got disconnected.

Management: Abhishek, he was trying to say, if you can just indicate a range for EBITDA margin. So, about let's say INR 500 crores of EBITDA, what kind of margin is possible for FY27?

Management: We would try to maintain Paras ji, but still it should be above 11%.

Paras Chheda: About 11% or so?

Management: Yes, it should be above 11%.

Paras Chheda: And you expect PAT growth for this year?

Management: Yes, PAT growth would be there.

Paras Chheda: Okay we would still expect PAT growth for the year?

Management: Yes, we will see path growth for the year.

Paras Chheda: And broadly, do you think, you know, this margin decline is temporary or, you know, structural actually?

Management: Yes, it's temporary here. Plus, we also told you that it's about the type of billing that we do. So, in quarter two, we did a good third party product billing as well, which is also one of our product segment. So, we got an order there, which we executed. Otherwise, practically speaking, you would see, Parasji, that there has been, because of our sustenance and being present in the market, we were able to execute the order.

Else, the position would have been different. Future is not dark at all. Future is very good. So, that was more important was the continuity to be there in the market with order and with execution. And this is also what Prostarm tried, keeping all odds out. Our focus was on delivering number. Even if the margin is on the lower side, important was to have the regular billing done on the books. And this is what we try to ensure.

Paras Chheda: Right. And I think maybe now broadly, some sort of rate softening is happening now and probably will happen going forward.

Management: Yes, sir. It should happen. But as of now, if you speak, it has almost doubled. The freight cost has almost doubled as compared to last financial year. So, there will be some moderation, but it won't be that the moderation will be too much. Like if you look at silver, it was 70,000. Now, when we are speaking about 180, 190, it went up to 4 lakh. So, 180, 190 became the new normal. That some cost increment would be there, which would happen.

Paras Chheda: But PAT growth is possible for FY27 and about [Inaudible 0:19:23] EBITDA margin is what [Inaudible 0:19:25]?

Management: PAT also, an absolute term would be on the higher side, sir. It would be there.

Paras Chheda: Okay. Working capital flow I mean, capital days, I mean, the risk levels are also quite high. So, I mean, how do we see that? And what is a realistic target for working capital for March '27?

Management: Parasji, there are three factors which resulted into increase in my working capital and which you can very well relate with the expansion which the company is undertaking. First is regarding data has gone up. The data has gone up because, sir, in the month of September, we built around INR 86 crores of net revenue.

Only one particular month in the month of September. If you look at gross, INR 86 crores turns into roughly around INR 87 crores of billing done. It comes to around INR 90 plus crores of billing only in the month of September. That is one of the reasons.

And second, we have our inventory level because of the best coming in and with the bakrol facility now gradually coming up on the shape of starting the manufacturing. So, our inventory level has gone up, which is now standing at around INR 120 crores, which was early used to be around INR 76 crores, INR 77 crores. So, this has been a deliberate attempt to maintain the inventory for the future orders.

Plus, there's a lead time supply chain disruption, which you should maintain. So, inventory level have gone up. And third, because of the capex and the inventory level, my GST today, credit standard around INR 19 crores – INR 18.5 crores, input credit. So, it is a conscious working capital blockage, which has happened.

But if you look at on an overall basis, so the cash conversion cycle in FY 26 was around 172 days, which is at 189 days, which is not a significant jump if you compare with the expansion that the company is undertaking at this stage.

Paras Chheda: So, sir, what are the average receivable days now?

Management: Sir, average receivable days are something around, sir, 100 -- as per me, if I remove the one single billing, it is around 178.

Paras Chheda: 178 days.

Management: And further, Parasji, there's one more major collection, which is post-September. Data has gone down further. It was INR 257 crores as of H1, which dropped to INR 201 crores in October 2026. So, it has gone down. We made a collection of around INR 75 crores of collection that we did in the, -- in October quarter -- October month.

Paras Chheda: Okay, in the month of October.

Management: INR 73 crores of collection done in the month -- in this month. And additional big collection would also come from two of the major parties, which would also be collected by December.

Paras Chheda: Because I think that is also [Inaudible 0:22:43].

Management: But what will happen, Parasji, correspondingly again, since I have big order in hand, so those billing can again, if it comes towards the very far end of the financial year, we can find the skewness for a day, not for the quarter. Actually, that is what is happening. Because, in my end, like I told you, so INR 90 crores of – INR 95 crores of billing done only in one particular month. So, it shoots up my total positioning.

Paras Chheda: And sir, just last two questions in my end, operating cash flow has been negative in the first half. And initially we were expecting positive operating cash flow in FY27. Now, with all these changes, what do you expect, sir, on that trend?

Management: Sir, we are improving on that. If you remember, it was around INR 49 crores negative in March end. If you look at March 26, which is right now at around INR 17 crores, roughly at this, at September end.

Paras Chheda: So, for the full year, do you think that will inch towards positive or it will still remain positive or negative?

Management: Sir, we would -- we are trying our best to make it, but because of the capex being done and the inventory level that I'm maintaining, so that is somewhat which is also impacting the cash flow from operating activity. But, and, but sir, still we are trying our best and looking that we should be working on something which is very, very positive by the end of the financial year.

And we have also, as I told you earlier, we have also appointed MD. Now, we are also targeting billing through MD. We are not directly bidding in majority of the government orders. Even when Ramji told that 78% of the order in hand is related to government, but that is because of INR 856 crores of order of developer model.

If you remove that, then majority, 70 plus order is only private. Even in H1, majority of the billing is only from private.

Paras Chheda: And sir, I mean for FY28 now, what kind of sort of growth do you expect in terms of revenue and guidance and EBITDA margins?

Management: Paras ji, as told earlier, 25% growth is what we are keeping always in tandem and with the BESS facility being up. And though you've not asked this question, still I would answer it because other people would be also wanting to know. What Ram ji mentioned that, yes, we have done a sample export of BESS. I would not name the country right now, considering I would keep it secret at this stage.

So, if the sample is approved, then we can expect good volume coming from export as well in next financial year related to energy storage, but however, on the moderation side, you would also find some revenue segment going down, some revenue segment going up, like manufactured solution would go up, BESS segment would go up.

Though in the current financial year, finding solar EPC volume being on high, but the same might not continue next year if we don't have a high value order. That's only selective basis order execution. So, high margin order and high value order that we are targeting for next financial year. So, 25% is the minimum expectation that we are keeping an eye on next financial year.

Paras Chheda: And the EBITDA margin would get more normalized back to the…

Management: That would again return back to the same level, sir.

Paras Chheda: 13%, 14%?

Management: Yes, sir, it would return back to 12%, 13%. What we have told, it would return back. Because right now what's happening, the factory is started, but all the overhead cost is right now not getting -- it's not possible to recover all the cost today. I hope you can also understand.

Paras Chheda: Yes.

Management: It's a period when we are settling. So, that additional load is also coming on the existing number. So, that would be the factor for somewhat deviation in the current financial year, then improving in the next financial year.

As I told, in BESS already INR 54 crores of new order has been taken, INR 36 crores order of BESS already built in the current financial year, and INR 54 crores of new order taken for execution in the current financial year. So, we are positioned for achieving INR 90 crores only in BESS, which is a new segment for us.

Paras Chheda: Right. So, you put back to it will be [inaudible 00:27:27] plus EBITDA margin in FY28 with about 25% sort of revenue growth?

Management: Yes, sir. That guidance is minimum guidance.

Paras Chheda: Okay. Thank you so much, sir. I'll come back in the queue.

Management: Thank you, sir. Yes.

Moderator: Thank you. Next question is from the line of Dheeraj Patel an Individual Investor. Please go ahead.

Dheeraj Patel: Sir, can you hear me?

Management: Yes, Dheeraj ji, you are audible.

Dheeraj Patel: Sir, my question is regarding our Jhajjar manufacturing facility. So, it's now operational. So, what is the improvement in our capacity on BESS side? And also, it will help to reduce our dependence on external supplier and improve project delivery time or enhance cost competitiveness?

Management: Yes. Hi, Dheeraj ji. Good evening. The structure plant, this capacity of this plant is 1.2 GWh of BESS assembling plant under single shift. And with the capacity to scale it up to 3 gigawatt-hour if we work under three shift. And you would find that capacity coming into picture from next financial year onward.

Already, some export samples we have sent that is around 16 kilowatt of storage facility to overseas. If that isn't cleared, and we're also trying to go up with some business model, if that goes up, you would find some traction coming in there. And now, you had asked about -- what was the second question? This is about the capacity. What's the second question?

Dheeraj Patel: It will reduce our dependence on external supplier or something like?

Management: See, BESS is a different product all totally. Here, it's an assembling plant. So, cell procurement would be done, yes. Assembling would be done in-house. So, when assembling is done in-house, so your dependency on third party would reduce. However, with regard to lithium cell, that would be continued to be imported unless we go for some backward integration.

Dheeraj Patel: Okay. Thank you. That's from my side.

Management: Yes.

Moderator: Thank you. Next question is from the line of Aarav Jain an Individual Investor. Please go ahead.

Aarav Jain: Hello. Am I audible?

Management: Yes, Arav ji. You're audible.

Aarav Jain: Yes. Thank you so much for the opportunity. So, this is regarding your Jhajjar and Bakrol facilities. So, I just want to know, as they ramp up, what kind of capacity utilization can we expect over the next two to three quarters? And when should the benefits of scale and operating leverage become visible in the financial performance?

Management: Yes. First, giving answer about your Bakrol facility. The Bakrol facility, it's a plant that has a capacity of producing around 3,000 pieces per day. It's a plant capacity, single-phase UPS. So, it's a full-fledged UPS assembling plant, along with lithium integration as well. So, that plant can generate a revenue of around INR 500 crores, INR 600 crores per year.

With regard to utilization, the UPS that we were selling through procuring from third party or from customization, that would gradually shift towards our factory-based assembling. So, you can assume the number would still from import to -- import would still continue, but import with value addition would be the new change, UPS.

Now, coming to your Jhajjar facility, Jhajjar facility, it is 1.2 GWh. So, if it runs on full capacity percentage, you would find around INR 1,000 crores of revenue is what we can post from that particular facility in a year, if it is being utilized on 100% basis, single shift. However, if it would scale on a gradual pace, you can assume, and we are focusing more towards the C&I side rather than being on the utilities.

Those who are majorly ordered are today with us also from utilities phase, but our focus is more towards C&I side. The BESS capacity utilization is expected to be around 25% to 30% next year from BESS. And with icing, if we get the export order, it would give a good icing on that particular number. So, you would find BESS capacity would take up shape over next 2 to 3 years.

Now, to add to it, you would be knowing that majority government has been very, very proactively promoting in-house manufacturing, India-based manufacturing, even the latest VGF scheme, which is about to be launched for INR 14,500 crores, in that 30 GWh is being kept for BESS.

And the mandate ask is about that 40% should be local content manufacturing. Even the PLI, which government has come up, 10 GWh , that is also in order to ensure localized manufacturing. Third, government is about -- I am not very sure, but I have heard some news that government is also looking to ban export of second-hand lithium so that the recycling can be done here in India. So, these are some of the developments which are happening on the BESS phase. So, BESS would take a good shape on the utility side, on the C&I side and data center side. You will find BESS segment growing up.

Aarav Jain: Okay, sir. Got it. That's it from my side. Thank you so much and all the best for the future.

Management: Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Rohan Joshi an Individual Investor. Please go ahead.

Rohan Joshi: Hello, sir. Thank you for giving me the opportunity. Sir, actually my question was around that going forward, what will be your next strongest growth driver, like for example, between BESS, solar EPC, manufactured power solutions, what will contribute to the incremental revenues the most? What's the medium term vision? Just a ballpark on…

Management: BESS would be giving the majority of the contribution. Solar EPC that we do, we do on a very, very selective basis, Arav ji, where we find a good margin or it is from private, like the recent BESS order that we have exploited from a private body, Solarium. So, that type of project only that we are executing. So, next year growth driver would be BESS.

Rohan Joshi: Okay, sir. Got it. Thank you so much.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Rohan Jain, an Individual Investor. Please go ahead. Mr. Rohan, you're not audible.

Rohan Jain: Am I audible?

Moderator: Yes.

Management: Yes.

Rohan Jain: Yes. So, just one question, sir. So, what is your assessment of the current BESS opportunity in India in terms of tender activity and project implementation? And also, are you seeing a shift towards larger projects? And is Prostarm adequately equipped to participate in projects of significantly higher capacities?

Management: Yes, I will tell you one thing. As a strategy, we have come out of our that bidding with the government bidding tender for all small cases, like up to INR 5 crores bidding amount. So, we are largely, we want to focus on the very selective and limited tender, where bidding amount is also high. And we will be among the very few companies who can qualify for that bid. So that we can get a better commercial, better rates for those particular bid.

So, going forward, our target will be to remain focused on selective tenders for UPS, BESS for C&I, for special applications, not for the utility, where the competition is different, not easy, and suppliers are limited. So, we will be largely focused on these two, three areas as a direct bidder. And otherwise, for last six months, we have focused totally to switch over to private sector, where we are bidding through our partner channel and this you will see a very big effect in our next financial year.

Rohan Jain: Okay, sir. Got it. Thank you so much. That's it from my side and all the best.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Paras Chheda from Purpleone Vertex Ventures, LLP. Please go ahead.

Paras Chheda: Sir I was trying to say, we were trying to down sell this BESS project, developer project?

Management: Yes, we are in active discussion with a few people to lay off our existing two developer projects. And hopefully it should be, this can be through in any moment, maybe this quarter, next quarter, any moment. So, we cannot give any particular information, but yes, active discussions are in process.

Paras Chheda: Right. And, sir, just from a broader understanding, I mean, so INR 62 crores of annual rental income is expected over 12 years, right on this INR 854 crores kind of project BESS. So, what is the profitability? I mean, the project IRR or the equity IRR on this, are these projects profitable?

Management: Equity IRR is still there. See, margin had dropped in this on all the BESS developer project, Paras ji, because of the increase in the cost of lithium, of DC block, as well on one side, and

dollar on the second side. However, now we are seeing some moderation happening on the dollar side, which is some sign of relief. But yes, on the equity IRR side, it would be it would be more than 12% to 13%.

And if we get the mover benefit, yes, mover would be also an important play role. If we get the mover benefit, it will result into a better cash flow from the project. However, if you look at it, sir, both the BESS project which has been won by Prostarm is in last 15 to 16 months, these are the two highest bided order. However, we are looking to down sell it and down sell both the projects that what we are looking for, we are eyeing.

Paras Chheda: Right. And if we manage to successfully down sell these projects, there will be incremental value created, right? I mean, it will be still profitable.

Management: Yes, it will be profitable. But we are not very sure about the total margin side of it, because of the increase in cost, Paras ji. The cost which was there and now it is there has been a vast difference. So because of that there can be a margin depletion which can happen, which we are in negotiation with the buyer. As of now, since we are coming up with the Jhajjar facility which we have come up. And so, our focus is towards working as like an OEM or like a manufacturer, and that particular facility would require working capital. And it's better to be on the side of working capital managed based business. We want to leverage less on our side.

Paras Chheda: Correct. What is the probability? I mean, do you think they are advanced stage discussions or it's still uncertain as of now?

Management: A discussion is happening, Paras ji. The day we get the proper news, we will tell you. But we are in discussion with around 6 or 7 players in industry for down sell of the BESS project. But at what rate, what deal does it take, it is difficult for me to say right now.

Paras Chheda: Right. And sir, the short term debt that we have gone through, let's say INR 111 crores or end of FY27, what kind of working capital debt do we expect or total debt?

Management: Total debt will increase, Paras ji. The reason is in order to support the stock inventory and to support your BESS facility, working capital requirements would go up to some extent.

Paras Chheda: Okay, understood. Sir, just trying to understand that next year you are saying probably our EBITDA margins could normalize back to 13% plus?

Management: 12% to 13%, yes.

Paras Chheda: Yes, 12% to 13%. And so, sir, since the debt will go up, it will be difficult for me to also model. So, what kind of PAT margin do you expect for next year? And maybe because this year, I think, sir, it will be difficult to bring PAT growth is what I understand. I do not know?

Management: It will be difficult to bring PAT growth, but it will increase in absolute. Absolute growth will always be there. But in percentage, because of the cost, and because in H1, the dollar behaved very rudely, the rate behaved very rudely, but the customer was also targeting to work in minimum to minimum pricing. So, that was also the focus in H1. So, the importance was to make a continuation business of it. Again, next year, if you look at it, my EBITDA, my PAT percentage would come back to 26th level or even more.

Paras Chheda: Sir, you expect some sort of PAT growth, you are saying?

Management: Absolute percent of growth of PAT will come Paras ji.

Paras Chheda: Okay. And for next year, sir, fat margin on because then it will start improving also because the facility is operational?

Management: PAT margin will also improve because under BESS has started working the C&I margin is big.

Paras Chheda: So, PAT margin, what do you expect, sir, next year?

Management: Next year, again, guidance, again, same back to 8.5 % to 9%.

Paras Chheda: PAT margin?

Management: PAT margin, yes.

Paras Chheda: Understood, sir.

Management: As we are net date, almost we are net date pay, almost free here, if you look at it.

Paras Chheda: Yes, I understand.

Management: Yes, on the net date, INR 97 crores of FD is sitting in my book with the corresponding INR 105 crores. So, we are comparatively in the well position in terms of the overall net date leverage position.

Paras Chheda: Right, sir. And, sir, eventually, the inventory level, once the situation normalizes, do we then need to keep such high inventory level going forward?

Management: Inventory will have to be maintained, Paras ji because we also need to take into account the lead time for delivery. So, BESS segment has a lead time of delivery of more than 3 months. And against advance payment, against advance payment. So, if we do not maintain adequate inventory, how will we service the market? Plus, even for our orders, we need to keep adequate stock. So, today, whoever has stock is the king.

Paras Chheda: Right, correct, because situation is currently at this stage.

Management: So, even now and looking ahead, when I carry out the expansion it is possible that the number of days might drop, but in absolute terms inventory level would go up.

Paras Chheda: Right. And just last question mine sir. So 25% to 30% Jhajjar facility next year we are expecting in terms of utilization, correct? And INR 1000 crores you said in a single shift. And potentially you can do maybe 3 shifts or whatever, 2 shifts, potentially?

Management: Yes, 2 shifts we can do.

Paras Chheda: Yes, 2 shifts if there is demand. So, sir, 3 years down the line, if we do assume, peak utilization, I do not know whether if it requires more, but I mean, when do you expect peak utilization? Because INR 500 crores is for Bakrol and this one would be about INR 1000 crores. So, when do you expect peak utilization, sir?

Management: Peak utilization let say in 3 years.

Paras Chheda: 3 years?

Management: 3 years, gradually. Even second year we will also see a good growth because your facilities credentials get developed based on the order that you are executing from your site. And even BESS is a demanding segment as of now because sir, the advantage to this particular segment is if I do the utility side, the single order value is also on the very big level.

Like this, today, the smallest BESS order that I have is of INR 5 crores. Second is of INR 11 crores. Third is of INR 29 crores. So, yes, so you would find the average tickets is always good

on the BESS segment side. However, C&I, it would be around 40-50 lakh of single order book value.

Paras Chheda: Right. INR 40 lakh-INR 50 lakh average ticket, which is where challenge will be in building up the business.

Management: But margin would be better.

Paras Chheda: Yes, margin would be much better. Correct. And the pressure on the utility sector is easing off now?

Management: It's still some, still it would take some more time to -- for moderation. It will take some more time. Because whatever BESS project has been taken, it's not facing a good north wind, rather it's a south wind, in terms of execution and the project cost. So that, it's a headwind right now. But market is very big.

Paras Chheda: ISA had come up to a scale, they are looking for a target of 888 gigawatt hour by 2031, if I'm not wrong, is what they are targeting on utility side for BESS. Right, and despite debt going up next year, working capital debt, 8.5% to 9% PAT margin is possible next year?

Management: 8.5% to 9% PAT margin is possible. BESS, if I am able to do a good BESS volume, then that would comfortably give me a good margin.

Paras Chheda: So, 8.5% to 9% is quite an achievable, I mean, acceptable PAT margin?

Management: Yes, and this is about the economy. How competitors are behaving, and how new expansions are coming up. So, but as of now, if I look at my assessment, it seems feasible. But external factors can decide here and there, but just as of now, it seems feasible.

Paras Chheda: Fair enough, sir. And just last question, once we reach some peak utilization, 2 years, 3 years down the line, 3 years down the line, so what PAT margin do you expect then on a steady state basis?

Management: Perhaps it's too early to comment.

Paras Chheda: Okay.

Management: Yes, let's not speculate. It would not be a good answer.

Paras Chheda: It'll be difficult. Yes, I think it's correct. Fair enough, sir. Thank you so much.

Management: Yes, thank you, sir.

Moderator: Thank you. Next question is from the line of Devan Shah from Eternal Capital. Please go ahead.

Devan Shah: Yes, hi. Firstly, thank you so much for the opportunity, sir. So just wanted to ask you two questions. So firstly, so as I understand it, and as I have been seeing the BESS industry move, I've seen a lot of players entering into it and moving towards becoming a commodity, not yet a commodity. But what is your mode given the increased competition and how are you seeing on the ground level, what is the differentiating factor that we have and competing with these players going forward?

Management: As you correctly said, this has become commodity more than the technical product or solution. And that's why the whole industry is in trouble, because all the new player, unknown player has just jumped in and they have crashed their prices and in opposite, China's increased their prices. So, 90% of beta in last one year, all are in doldrums.

But this I take as an opportunity, because people like us who know the subject, who knows the product, they will take, we have all taken a calculative call decision on this for the future for the BESS. And what will make a differentiating factor, it will be the local domestic content. Because India has totally banned -- almost virtually banned the import of solar, raw materials, panel, everything similar will happen on the battery side also. And this will create a very big business volume or opportunity for the people like us.

Devan Shah: Got it, sir. So mainly, it is on the technical side of things.

Management: We have not built any kind of a developer or EPC. We want to remain focused as a manufacturer, OEM and a solution provider. So, we don't want to call ourselves as a typical EPC where the top line is big and bottom line is very minimal. So, we want to remain focused on the technology partner solution provider only. So, this will create a big opportunity for people like us.

Devan Shah: Got it. Thank you so much, sir. That helps a lot. Thank you.

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

Management: Hello.

Moderator: Yes, sir.

Management: Okay. So, thanks to all of you for joining us today. And if you have any further questions or queries, please let us know by our IR partner and we'll come back to you. Thank you very much.

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

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