SUGS LLOYD LIMITED
(Formerly) SUGS LLOYD PRIVATE LIMITED)
ISO 9001: 2015 CERTIFIED
Corporate Office: 2nd Floor Logix Park,
Plot No A4 and 5 Sector 16, Noida,
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E mail: compliance@sugslloyds.com

Date: August 03, 2026

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001.

Company Scrip Code: **544501** Company Symbol: **SUGSLLOYD**

Sub: Transcript of Earnings Conference call held with Analysts & Investors on July 31, 2026

Dear Sir / Madam,

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that Earnings conference call was held on Friday, July 31 2026, wherein Management of Sugs Lloyd Limited discussed the Company's results for the Quarter ended 30th June 2026 with Analysts and Investors.

Transcript of the above-mentioned Conference Call is attached herewith and can also be accessed at:
https://www.sugslloyds.com/documents/analyts/JUL%202026/TRANSCRIPTS%20OF%20AUDIO%20CONFERENCE%20CALL/Earnings%20Call%20Transcript.pdf

Thanking you.
Yours faithfully,

For Sugs Lloyd Limited

Nimmy Singh Chauhan
Digitally signed by Nimmy Singh Chauhan

Nimmy Singh Chauhan
Company Secretary and Compliance Officer

Place: Noida

Encl.: as above

"Sugs Lloyd Limited
Q1 FY27 Post Results Conference Call"
July 31, 2026

MANAGEMENT: **MR. SANTOSH KUMAR SHAH – CHAIRMAN AND PROMOTER – SUGS LLOYD LIMITED**
MR. SATYAKAM BASU – CHIEF EXECUTIVE OFFICER – SUGS LLOYD LIMITED
MR. VICKY KUMAR – CHIEF FINANCIAL OFFICER – SUGS LLOYD LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Sugs Lloyd Limited Q1 FY27 Post Results Conference Call hosted by Washuvi Financial Advisory. 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 and then zero on your touchtone phone. Please note that this conference is being recorded.

From the management team, we have Mr. Santosh Kumar Shah, Chairman and Promoter; Mr. Satyakam Basu, Chief Executive Officer; and Mr. Vicky Kumar, Chief Financial Officer. Before we begin, a short reminder some of what is said on this call will be forward-looking. Those statements reflect our current expectations and are subject to risks and uncertainties, and actual results may differ. The company does not undertake to update them. Our earnings presentation was filed with the exchange yesterday and is on website.

I now hand the conference over to Mr. Satyakam Basu, Chief Executive Officer. Thank you and over to you, sir.

Satyakam Basu: Good afternoon everybody and thank you for joining us today. You know when we listed our company in September 2025, we had committed that we will be coming to all of you on quarterly basis, which is purely optional, but we decided to be transparent with all of you, keep you all posted and apprised of all the developments and that is happening, and we have maintained this so far and we will do it.

So, today's call is part of the same commitment where we want to communicate to you our -- whatever we have achieved in the quarter 1 and how we see the market going forward. I'm sure there are some people who may be joining us today for the first time.

So, just for a kind of a quick retro check, we are basically a energy infrastructure company. We are operating across three verticals the general power transmission and distribution, the solar EPC, and niche engineering products. These are our main three lines to work.

We have been in this sector for well over 17 years and have a team of more than 1,000 people. We are in fact India's largest manufacturer of fault passage indicators, a devices that dramatically reduce power outage duration on distribution networks with a domestic market share of over 50%.

The quality of our order book is one of our defining strengths. The large majority of our business is with sovereign-backed government entities or companies rated AAA, AA like TATAs and everybody. So, this gives us a strong payment security across all our projects.

Now let me come to the quarter 1 financial results. Now this has been our strongest ever first quarter in our life. The revenue from operation was INR78.40 crores with a growth of 32% year-on-year of INR59.41 crore in Q1 2026 '25-'26. What I find much more satisfying is of course the growth of the top line is there, that we have delivered this growth without compromising on the bottom line.

Our EBITDA came at almost INR12 crores with a margin of 15.3% as compared to 14.98% of INR8.9 crores last year. There is a 35% growth in EBITDA with a margin improvement of 32 basis points and sustaining and improving margin while growing revenue at 32% is something that the whole team has worked very hard on and I hereby want to acknowledge everybody's effort towards it.

The profit after tax was at INR7.5 crores, which was again up 30% as compared to INR5.78 crore in the same quarter last year. On a consolidated basis, including our share of the associate entity, net profit was INR7.54 crores. The finance cost for the quarter was INR2.45 crores, which is little higher than last year, of course, because everything is going up in terms of revenue, in terms of, business, etc.

And this reflects our working capital being invested to mobilize and ramp up our various projects. We have this one big project which is going on, apart from many others. And as the project moves it into bulk billing phase, the working capital cycle will improve further and the cost will normalize.

Coming to the revenue mix, power transmission distribution and the smart grid contributed to INR46.32 crores this quarter, approximately 59% of the total revenue, compared to 27% of Q1 FY26, which was at INR16.34 crores. Solar EPC contributed to INR32 crores, a 41% of our revenue.

This mix reflects our execution is concentrated where it is required right now, driven by strong progress on our big project. Our solar portfolio is also been evolving. We have been thoughtfully repositioning it towards mandates that carry better structures, longer contract terms and recurring revenue streams rather than purely one-off EPC mode, which we were pursuing before.

I will come to an example later which we have an order which we got and which is a good example to our direction. Our order book remains very robust. As of 30th June, it stood at INR807 crores, approximately 2.7x our full year last year FY26 revenue. As you know, we clocked around INR300 crores last year. So, INR807 crores is an approximately 2.7x of that.

At our current pace of execution, this represents approximately 2.5 years of contracted work already in hand, but as we progress, we are going to get more and more and more order. One order which I want to mention here is a RDSS order in Patna, which is a smart grid project for the Government of Bihar distribution utility, which is being RDSS is being centrally funded.

It's a very comprehensive mandate covering infrastructure, equipment, software, communication and is now in active execution with progress tracking well. Our qualified bid pipeline stands over INR1,350 crores, with tenders at the final stage exceeding INR1,200 crores. Fresh awards in Q1 was INR58.37 crores, and we expect more order inflow so that we can deliver materially stronger second half of the year as utility tendering activity picks up following the annual budget cycles.

Q1 normally in whole of India is the lighter quarter out of the four, but even if we have shown strong result in that quarter shows the depth of our resources and our ability. When you talk about the new three orders that we have got in this quarter is across three states. It's not from one source. It is from Bihar, which is a INR56 crores project, absolutely new kind of a work where we are going under the PM-Surya Ghar scheme of PM-Surya Ghar, which is a combo of capex and RESCO basis.

We have to build the plants over the approximately 9 months and then we have a 10-year service contract from the commercial operation starting that date. This is the first time we have a recurring revenue stream of this kind of -- in our books. Earlier we were purely a EPC company. The second came from Odisha. It was for our specialized product, which is basically fault passage indicator and data communicator units, which is delivering 75 days.

This adds a new utility to our growing FPI customer base. And third came from Madhya Pradesh, where we got a similar order from FPI of INR3.37 crores, where it has to be integrated directly into the SCADA control center at Indore including 5 years of AMC. So, what you can see that we are now spreading our wings across other states, especially in FPI, and which is a very, very good sign for time to come.

Because this FPI and the niche product is a fastest growing segment and where we, as I said, already control more than 50% of the market. So, we see a huge potential here. We In fact, what we did last year we had almost we have got more order in that in the quarter 1 itself. So, you can understand how this is going to change our bottom line very, very soon and in a very effective way.

Each new utility we add matters beyond the individual order value. You may say what is an order value of INR3 crores? But for this kind of product, where we are entering a new segment, a new customer, this shows that it has a great future going ahead. And once all the discoms start using it actively, we will seriously going to ramp up this business.

As FPI grows as a share of our total revenue, our overall margin profile improves as well because this segment carry significantly better margin than our EPC business. Apart from FPI, which is the fault passage indicator, our auto reclosers and section analysers are also gaining traction with a meaningful pipeline building for these products across multiple states.

Now, I want to share something very interesting with all of you. We are now very active and very close to entering two new verticals. One is a transmission where couple of tenders are in the final stage of finalization and I we will be very happy to share with you very soon the first breakthrough which we are expecting really, really coming through.

And we are also, after all analysis and detailed homework, have started enter the entering the battery energy storage system, the BESS, which is now very well and very widespreadly spoken nowadays. As India scales its solar and wind capacity, storage becomes a structural necessity and our position across both the distribution grid and the renewable space places us well to participate in this emerging opportunity.

So, BESS and transmission both are expected to be a very meaningful revenue contributor from second half this year to the next year onwards. If you remember, we had given a guidance of achieving a revenue target of INR1,000 crores in FY28. We do stand by that. Three things give us that confidence: A, of course, the demand.

We have more opportunity in our pipeline than we can pursue. And it is our constraint is not on the execution capacity or working capital, but it was always on business availability, and now that has opened up. Our resources are in place. Our financial facilities are adequate to take us forward to this thing. And our trajectory is also building.

So, we have already organized necessary finances, what will be coming, we have got the sanctions which we are keeping it aside for the growth to come, we have got people in place, and when we see in the H2 the inflow of the order start accelerating, the new from new segments like transmission, BESS along with our existing segments, then we feel INR1,000 crores of FY28 is actually a reality.

One thing as we all know our kind of business is more outdoor and of course outdoor kind of business has a seasonality. There will be rains, there will be cold, there will be all kind of thing. So, what is important is being as I mentioned earlier, Q1 is always a smallest quarter, but there's a consistent pattern that we have seen, so we are very sure that we will be achieving our desired and business plan numbers by end of this year.

And we don't see any problem over there. Coming to the last part we have already in Q1 of FY27, we have started well and as you know half begun is already well done. And so that we see a lot of the future coming in.

I will now hand over to Mr. Santosh Shah, our honorable Chairman and Managing Director, for his remarks. Thank you.

Santosh Kumar Shah: Thank you, Basu sahab. Good afternoon to everyone on the call. We are listed on BSE SME platform, but we have always seen ourselves as a main board company. Quarterly results, earnings calls, structured investors communication, we want to build these habits now so that when we reach the main board, it is second nature and not an adjustment.

We want our investors to see that journey and be part of it. On Q1, we have delivered year-on-year growth in revenue, EBITDA, and PAT, and the execution momentum on the ground is very strong. A portion of billing moved into Q2, and Q2 will carry both its own numbers as well as the slippage. On financial position, I want to give you the complete picture.

Our customer collection during the quarter was INR100 crores against the revenue of INR78 crores, which has helped bring trade receivables down by INR10 crores. That is encouraging progress on something we said we would focus on. At the same time, our borrowings have moved up from INR68 crores to INR91 crores, an increase of INR23 crores drawn to fund working capital for the Patna project.

This additional borrowing is working capital for Patna project. Trade creditors came down from INR53 crores to INR30 crores as we paid to our suppliers. And our fixed deposit grew from INR50 crores to INR68 crores funded from internal accruals. So, the picture is of a business that is actively executing, managing its working capital cycle and building financial strength alongside growth. Not everything is perfect yet, but it is clearly moving in the right direction.

I want to share the bigger picture of where this business is heading. We said FPI would gain traction this year and the new orders which Basu sahab has described are visible proof of that. We are in active discussion with government at central level about mass adoption of FPI across discoms. Many discoms have independently started floating tenders and there are some very big tenders in our pipeline that we are positioning for.

Our new products, compact FPI, is at an advanced stage and we will be launching it very shortly. Our vacuum circuit breakers are also at an advanced stage of development. Work on RMU is progressing in parallel. Additionally, we are in discussion with several technology companies for technology transfer arrangements in some of these product categories, which will help us accelerate timelines and broader our offerings.

As each of these milestones is reached, we will make a proper announcement to the market. Now, this Patna project is building deep capability inside the organization in SCADA and ADMS. We have already started bidding for SCADA and ADMS projects in other states, and we expect this to be a growing segment for us moving forward.

As I have said in previous earnings calls, the transmission will start contributing to our revenue this financial year. We are holding for that and the first breakthrough is very close. On BESS, we stepped back for a period when the market conditions were uncertain. That was a considered and deliberate decision. This time we have come to reengage.

We have identified specific tenders, our teams are working on the bids, and we will be submitting them very shortly. We are committed to building a meaningful position in BESS. Our solar market has evolved and we have moved with it. Projects that used to come on pure EPC terms, specially the rooftop projects, are now coming on RESCO or capex plus RESCO mode.

And we have adapted to it early, started bidding on those terms. Bihar NBPCL order is the first result of that shift. We are bidding on similar structure in several other states and expect good business to come from this going forward. To close, the order book is strong, the product business is accelerating, new segments are opening up, and the financial position is being actively managed.

The INR1,000 crores target for financial year 2028 is a plan we are executing. We will keep you informed every quarter, completely and on time. Thank you. We are now ready for your questions, please.

Moderator: Thank you very much. We will now begin with the question-and-answer session. First question comes from the line of Vaibhav Mishra with Twin Investors. Please go ahead.

Vaibhav Mishra: Hello, sir. Congratulations for the good set of Q1. Sir, as we have achieved margins of 15.3% in Q1, so I just wanted to ask, are these margins sustainable and what kind of consolidated margins can we expect for the medium-term like 2-3 years, going up to FY28 and FY29? And sir, what kind of closing order book are we expecting by the end of this financial year?

Santosh Kumar Shah: See, Vaibhav, this question about margin, we have already said that the kind of business which we are into, the kind of efficiency and the kind of process and systems which we have developed internally, we are very much confident of maintaining such margins. That is not going to be a challenge. And this will be further, it will get help from our product business, which is growing.

As I as I said and Basu sahab also said that whatever order we executed for products in entire financial year last year, we have received that much order in Q1 itself. So, these things are going to contribute and we are very much confident that this margin will be will remain sustained. And what was your next, closing order book?

Closing order book is something very difficult to say in numbers. Our the existing tenders which we have bid, which are in pipeline, is around INR1,350 crores and we have got a strike rate of around 15% to 20%. So, this is for the tenders which we have bid now, but there are many tenders which we will be bidding.

So, very difficult to say order book, and one more thing which I would like to say here: our kind of business, we are not at all dependent on order. There is enough business which is available in the market and booking orders is not a challenge. Challenge will be executing it in time, getting the payment realized, and all. So, from order booking, I say, we are not at all worried about. Enough business is there.

Vaibhav Mishra: All right, sir. Sir, and regarding this evaluation order, I think in the last call we had applied around INR1,200 crores of orders, which were expecting the results, which the results were being expected. So, have those orders finalized, and or how much have we got from that INR1,200 crores?

Santosh Kumar Shah: Out of those INR1,200 crores, the -- How much we have received? INR70 crores is what has been awarded to us. Few of them are under evaluation. Few of them are -- it will take again I think a month or two to get final picture that whether it is coming to us or we are losing it.

Vaibhav Mishra: And our strike rate will be close to 20-25%, correct, sir? Our strike rate will be out of those INR1,200 crore, our strike rate will be close to 20-25%. I mean, we can expect INR200 crores, INR250 crore of order, okay 15% to 20%.

Santosh Kumar Shah: 15 to 20%.

Vaibhav Mishra: Okay. Okay. And sir, another question is regarding receivables. I think after Q4, we had around INR150 crores, INR160 crores kind of receivables number. So, could you please tell me the receivable number after Q1?

Santosh Kumar Shah: It is INR149 crores.

Vaibhav Mishra: INR149 crores. All right, sir. All right. And sir, regarding one more question, regarding FY27 the target that we had that around INR600 crores of revenue, so I think we are on track, correct, sir?

Santosh Kumar Shah: Oh, yes, as we said, we are going to maintain the momentum which we which is there in the company in the growth.

Vaibhav Mishra: All right, all right. Okay, sir. Thank you so much, sir, and all the best for the future.

Santosh Kumar Shah: Thank you, Vaibhav.

Moderator: Thank you. The next question comes from the line of Kamal, an Individual Investor. Please go ahead.

Kamal: Yeah, my question was on the FY27 guidance. We had in the previous con-calls guided for INR600 crores for FY27, which is which was 100% year-on-year growth from FY26. So, I understand the seasonality in the business and Q1 is usually very low, so probably quarterly comparison is not fair, but what I want to understand: what was the reason we only grew by 30% in Q1 year-on-year basis? And how confident are we still of achieving that 600 guidance for the revenue for FY27?

Santosh Kumar Shah: Your question is in two parts. First, I would like to answer your second part. We are fully confident of achieving the momentum which we have given as the guidance which you understand. Now, the reason for this Q1 to be a bit slow is because in this quarter only we started our Patna project. And at start, there are always some teething problems.

So, those teething problems, because of which there was a revenue which was to be booked in the month of June, which got slipped over and it is getting it is going to appear in quarter 2. So, that is purely because of some initial teething issues which crop up in any project. That is one of the reason.

And second, one small reason also contributed, though we have addressed it, because of this raw material prices and all, there is some kind of delays from suppliers, there is a shortage of materials, so that has that is not big, but it has contributed a bit to this slippage. So, it is not short fall, it is a kind of deferment or slippage from this quarter.

Kamal: All right. Yeah, I'm from Patna, so I understand. Thank you. Thank you very much, sir.

Santosh Kumar Shah: Thank you, Kamal.

Moderator: Thank you. The next question comes from the line of Amit Mehendale with RoboCapital. Please go ahead.

Amit Mehendale: Thank you. So, my first question is on revenue, segmental revenue. So, whenever we hit say INR1,000 crores of revenue, what do you expect our revenue split by segment?

Santosh Kumar Shah: See, the -- we can give you a tentative figure. Power transmission and distribution will contribute around 40% -- 40% to 45%, and similar contribution we should expect from solar also. And rest 10% will come from other businesses including product.

Amit Mehendale: Right, sir. And product revenue will be what percentage?

Santosh Kumar Shah: Product revenue, our target is that we should take it up to 10%. We are working on it, and that is the ideal milestone which we have kept in our mind that till financial year '28, the product should contribute around 10% of the total revenue.

Amit Mehendale: Right, sir. And for FY27, what type of margins do we expect, EBITDA margins, '27-'28 both?

Santosh Kumar Shah: It will remain same, as we have said, that there will be not much deviation or not much changes in the margins.

Amit Mehendale: Right, sir. And the last question is on the -- do you have any plan for fund equity raise?

Santosh Kumar Shah: As on date, we are not having. But if there is if there arises any such requirement, we will definitely come, but as on date, we do not foresee any such requirement right now.

Amit Mehendale: I mean FY27 you don't see, and maybe FY28 you'll look at it, or how do you see, I mean, going forward?

Santosh Kumar Shah: See, it's all depends on how the business is moving. Today, for financial year '27, we are fully resourced. Even for financial year '28 also for INR1,000 crores, we are fully resourced. There is no need, unless and until something unplanned crops up. So, as on date, we do not have any plan for equity fund raising in financial year '28 also.

Amit Mehendale: Right, sir. And lastly on the debt side, how do you see our debt levels in FY28 year end?

Santosh Kumar Shah: See, FY27 or '28 you are asking?

Amit Mehendale: '28, '28.

Santosh Kumar Shah: '28. We see today, I'll give you a picture, today we are having a debt of around 91 crores, and we are getting it further increased up to 100.

Management: 1.2 ratio, this thing, now it is 0.6, so it will max up to 1 point

Santosh Kumar Shah: So, the debt equity ratio which is 0.63 today, we will try to restrict it or we will try to go it anything beyond 1.1 or 1.2, maximum. And that will serve our purpose also.

Amit Mehendale: Right. Thank you. Thank you very much, that's it from my side.

Santosh Kumar Shah: Thank you.

Moderator: Thank you. The next question comes from the line of c. Please go ahead. Mr. Saurabh Jain, your line is unmuted. Please proceed with your question.

Saurabh Jain: First of all congratulations on a good set of numbers.

Moderator: Mr. Saurabh Jain, you are not clearly audible. If you're using any other mode, may we request you to use the handset, please?

Saurabh Jain: Okay. I will reconnect.

Moderator: Thank you. As there is no clear line for Mr. Saurabh Jain, we'll move on to our next question. Our next question comes from Ravi, who's an Individual Investor. Please go ahead.

Ravi: Good evening, sir. My first question is that are we looking for some markets outside like Sri Lanka, etc.?

Santosh Kumar Shah: Yes. Good evening, Mr. Ravi. Yes, we are exploring business in international arena also. We are specifically working and in fact, it is at very initial stage, we have started exploring the opportunities in Africa. In Sri Lanka, we haven't seen any opportunity, but yes, Africa, we have started.

Ravi: Right, sir. And my second question is, sir, this order book and that you are projecting and various orders that you keep getting, so these orders that you project, is it including or excluding GST?

Moderator: Ravi sir, sorry to interrupt, we are losing your audio. Your line is breaking.

Ravi: I was asking about the order book of 807 [Inaudible 0:32:55]

Moderator: Really sorry to interrupt Ravi sir, again your line is breaking. Your question is not relayed to us properly.

Santosh Kumar Shah: I think I think I could make out your question. You confirm whether your question is that this 87 -- INR807 crores is with GST or without GST?

Ravi: That's correct, sir. That's correct.

Santosh Kumar Shah: So, the INR807 crores is without GST. This is the net order value.

Ravi: Okay, okay. Thank you so much.

Santosh Kumar Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Divyansh Jaju with Trinetra Asset Managers. Please go ahead.

Divyansh Jaju: Hello. Good afternoon, sir. So, my first question was about like can you help me understanding like how the qualification cycle goes for if we are entering into any new state or new project, how the process goes and how the timeline it takes to make the first order and after the making of order how like our win repeated for that business improve or like how the thing goes?

Santosh Kumar Shah: Can you come again second part of the question? First I got that what is the eligibility criteria for entering, and what was the next part?

Divyansh Jaju: Like after we like after we get approving a particular state of project, so about the win rate for the business like we apply for now order in the pipeline, so it get improve or like how it is there?

Santosh Kumar Shah: I'll give you See, whenever these kind the projects which we are executing, it has got certain eligibility criteria and these eligibility criteria are on two parameters: one is technical and one is financial. So, we keep on exploring what all projects are there and if we are not meeting eligibility criteria ourselves, so what we do, we make joint venture with some qualifying partner and we bid as a joint venture.

And in now we have devised a new process also where we rope in a PSU whom we have partnered with and we make them bid for the project and then we take that project from that PSU on back-to-back basis. So, these two-three models are there based on which we execute or which we bid in a new tenders and new areas.

Now, second question: what is our strike rate? In any new state wherever we are entering, our strike rate is quite low because we do not have that kind of penetration. So, you can say around 30 to 40% is our -- 10 to 15% remains our strike rate. And once we start executing, we have got good inroads, we have got good information and penetration into the system, our strike rate increases. Strike rate means whatever is the tender which we have bid and how much we are able to win out of it.

Divyansh Jaju: Okay. And second question was around like the order book which we have of INR807 crores, like in how many quarter or years we will be able to complete this?

Santosh Kumar Shah: The majority of our orders which we are executing, the project completion time is 24 months. That 18 to 24 month it varies. So, the existing order of INR807 crores, we see a visibility of 18 to 24 months for this. But again, there will be few fresh orders also which will come. So, all these orders, new existing orders plus new bookings, they will contribute towards the revenue.

Divyansh Jaju: Okay. And the order book which we have, how is the difference between some the repeat customer or any new customer which we have any added from which we will be getting order like of this particular INR800 crores?

Santosh Kumar Shah: Majority of these orders are from our existing customers. You can say these are most of them are our repeat customers, except few.

Divyansh Jaju: Okay. Thank you, sir.

Santosh Kumar Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Amit Bhagat with Tata Digital. Please go ahead.

Amit Bhagat: Okay. So, first of all, congratulations on great numbers. I actually wanted to understand more on trade receivables while -- and hand in hand you have great orders and I'm sure you are doing great job at executing those as well. But given that out of the INR159 crores which was there, only INR10 crores we have been able to receive right now. So, how big of a problem we feel that is and how are we solving it for future?

Santosh Kumar Shah: See, the kind of business which we are into, Amit ji, we our customer is government and mostly, in any across the industry, any company who is operating into this segment in transmission and distribution, specifically distribution, you will see them having a average debtor days of around 180 days. You can see you can check all the companies.

So, we are also on the same, we are also in the same area. Though based on our efficient monitoring and discipline and all, we are trying to bring it down, but again, it cannot be brought down suddenly, it will take time to bring it down. This quarter we have improved it by INR10 crores. Next year again, we'll try to further bring it down.

So, it will be a gradual process, it cannot be brought down in few quarters only. And the challenges again I said, as the challenges from for getting a payment realized from government company, it is always there. Strikes are there sometimes treasury gets closed at year end in April, they lock the treasury. So, all those things are there. It takes time.

But yes, we have got experience how to handle it. We are well prepared. We have observed it for so long. Majority of our customers whom we are executing the projects, we have got a good lineage, we have been working with them for past few years, we understand the process and that helps us in reducing this entire realization period.

Amit Bhagat: Got it. Got it. And thanks, thanks for that detailed explanation. So, my takeaway is, you don't see that as a big challenge from working capital perspective. Understanding is right, right?

Santosh Kumar Shah: Yes. As on date, we do not see any such issue from working capital. And for working capital, it's as the company is growing, many multiple doors are being opened and is available for us like working capital, we are reducing the pressure on working capital by, you can say, taking benefits of TReDS, taking benefits of purchase invoice discounting, we are convincing customer to go for surety bonds instead of bank guarantees. So, all these measures, as we grow, these are becoming accessible to us, and it is helping us. So, going forward, we do not see any problem in working capital.

Amit Bhagat: Great, great. This is really helpful. One last question. Given that you mentioned borrowings obviously will slightly increase as the company grows and you have a big order book as well, but you're confident your margins with growing borrowing will continue to operate at the levels that we have done this quarter, or with increasing borrowing, there could be a slight challenge on the margins?

Santosh Kumar Shah: See, as we grow or as the scale grows obviously that the margins are supposed to come down, but in our kind of business, we have got different segments altogether. One segment is EPC, where as we grow, the margins we expect that margins will come a bit less. But again, we see some kind of a growth from our high-margin business, that is products. So, that will compensate or that will take care of the of any slippage there. Given all these things, we are very much confident that these margins are going to stay and it can even be better also, but it is going to stay.

Satyakam Basu: Amit ji, I'll just add to what Shah Sir said. While in real terms the quantum of borrowing can go up, but the ratio of the borrowing versus the revenue will always be on a positive side.

Amit Bhagat: Got it. Understood. This this was really helpful. Thank you so much for the time. Yeah.

Moderator: Thank you. The next question comes from the line of Murtuza with PinPoint X Capital. Please go ahead.

Murtuza: Hi sir, thank you for the opportunity, and firstly I'd like to appreciate the effort taken by the management to actually take the effort to do disclosures quarterly, really appreciate it, regardless of it being a mandate -- not being a mandate for a SME company. So, really appreciate that effort from the management.

And sir, secondly I would just want to get a better understanding in terms of the newer segments that we're looking into, like firstly we were talking about entering into BESS. So, I just wanted to understand how exactly, like as earlier also mentioned in the commentary, that we're looking into some projects?

So, just wanted to understand a bit better, firstly, where exactly in the value chain are we trying to enter, and secondly, how are the pricing trends going on because some time back, the bidding the pricing was a bit irrational a few months back, so just wanted to understand how things are right now, so, firstly regarding this?

Santosh Kumar Shah: Murtuza ji, thank you, thank you for the appreciation. Now coming to this BESS, as I said, we started exploring BESS business around a year back also. At that point in time, we came to understand that the prices are very volatile, and the prices which one needs to quote for 5 years down the line, that was also very uncertain.

We were not getting confidence out of this entire BESS system. So, we stepped back. Now again, we have after a year has passed, we see there is some sort of stabilization into the market, some certainty is coming. So, we have started exploring it again. We have identified one tender in Rajasthan and we have identified one tender in Bihar.

And again, these BESS projects again, we are not going for large 100 megawatt hours or -- we are going for smaller projects. We are tying up with companies who are not of bigger scale. And why we are targeting this smaller scale? Because we have got an expertise to execute projects which are scattered over entire districts or entire state.

And these kind of projects, we do not see much competition. So, a strategic move we have made, though it is at very initial stage, all the preparations are being going on, but this financial year, we expect some order book for this BESS also.

Murtuza: Understood, sir. So, just to reconfirm, as of now, the guidance you've been given of INR600 crores or INR1,000 crores in FY28, we haven't yet considered the portion from BESS as of now?

Santosh Kumar Shah: Oh, no. The guidance, this is a new segment which has opened or this is a new business line which is being opened. So, it's totally new. Whatever it will contribute, that will be over and above.

Murtuza: Understood, sir. And sir, secondly, I would also appreciate if you could explain in a bit more depth regarding the developments. Earlier I guess it was mentioned that we are looking for a partnership in tech for the FPIs and the other products. So, would really appreciate like, where exactly are we in that, how like -- in terms of capabilities, what sort of investments or what sort of steps are left that we need to take to be ready for the for these segment of these products? And secondly, like and also would like to understand, probably in the medium term, how do you see this segment outlook going forward growing? Just wanted to also understand that.

Santosh Kumar Shah: Murtuza, you see, thank you for this question. Now, as I said, we were we make this communicable and non-communicable FPI, and there is a new generation of FPI which is called compact FPI which is economical and has got better features also. So, our team is developing it, and that development is happening for -- it's undergoing for last few months.

So, to expedite the entire process, we are in discussion with few companies who have already this technology. They are from, one is from Europe and one is again from Asian -- Asia only. We are in discussion with them. I cannot comment on at what stage it is, but if it materializes, maybe in next 2-3 months, we will be able to launch our compact FPI. So, that is for on FPI front.

On VCBs, yes, all the entire prototype and all these things are in development, and once it is development developed, we'll put it on type test. So, it may take around a year for us to roll out the VCBs, and RMUs are at initial stage. So, this is for the product development. For market, there is enough enough potential.

Government of India has is very aggressive on converting all the Tier 2 and Tier 3 cities also into smart grid. And whenever this smart grid comes into picture, our products like FPIs, auto reclosers, sectionalisers, even VCBs, RMUs, they are going to have a big volume. So, I have already given those numbers in my previous earnings call, I do not recall it, but there is going to be a huge market, huge requirement for these products, going forward.

Murtuza: Understood, sir. And just one final thing, is there any incremental capex that we will have to make for these products going forward, or we can with the existing facilities, you can?

Santosh Kumar Shah: For FPIs, we don't need any capex, but for VCBs and RMUs, we need to have additional capital expenditure.

Murtuza: And sir, could you quantify and will it be able to Will we be able to do it by internal accruals, or some sort of debt might be needed to look upon?

Santosh Kumar Shah: This is it is very It is at a very initial stage. We are yet to formalize how we are -- in fact, we are yet to formalize what will be the capex, and then accordingly, we'll make out how we are going to fund it.

Murtuza: Understood, sir. Understood. I hope probably in the coming quarters, we'll have better clarity. So, thank you. Thank you very much, all the best for the future. Thanks.

Santosh Kumar Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Tejas Khandelwal with Prudent Equity. Please go ahead.

Tejas Khandelwal: Yeah, so I wanted to ask that our top line grew by 30%, but our employee benefit expense almost doubled and other expense more than doubled. So, why is that and what would be the run rate for the rest of financial year?

Santosh Kumar Shah: The employee and other expenditures are -- these expenditures are in line with what we are going to achieve for the entire year. So, and if you'll at the end of a year, if you'll see these comparisons, you'll see that our revenue is growth is more than the growth in these expenses. So, first we have to invest and then only we can, you know, get returns on it.

Tejas Khandelwal: Okay, okay, sir. And what would be the, sir, peak debt for this financial year and the cost of debt also?

Santosh Kumar Shah: Peak debt?

Tejas Khandelwal: Yeah, peak borrowing.

Santosh Kumar Shah: Maximum debt around INR130 crores will be the maximum peak debt what we see in this.

Tejas Khandelwal: For this financial year, right? FY27?

Santosh Kumar Shah: Yeah, for Yes. And cost is again -- that around what around 9% it costs us.

Tejas Khandelwal: Okay, okay, got it. And sir, to achieve INR1,000 crores in FY28, I think we need to have at least INR1,500 crores to INR1,600 crores of order book by end of this financial year. Am I right or is it something?

Santosh Kumar Shah: Yeah, you are right. In fact, we need to have somewhere around INR2,000 crores to -- between INR2,000 crores and INR2,500 crores of unexecuted order book in hand for achieving a revenue of INR1,000 crores.

Tejas Khandelwal: Okay. So, when can we expect the majority of the inflow of the order book?

Santosh Kumar Shah: See, it is a continuous process. It is a -- we have bid. Now, finalization, evaluation and closure of the tenders are dependent on government and dependent on customer. So, by this financial year, anyhow, we are going to have that much of order book. We will ensure. And as I have said earlier, in this kind of business, there is no dearth of opportunities.

We don't worry about inflow of orders at all. We need to be selective, we need to be choosy which order to execute, because execution is the biggest challenge. We don't want to go very aggressively and book it now when we see there will be some opportunities which are going to come in future and which will be easier for us to execute. So, we are waiting for the right time, and by this year end, definitely, we'll be having that much of order book with us.

Tejas Khandelwal: Okay, okay, great. Great, sir. Thank you so much. That was from my side and all the best.

Santosh Kumar Shah: Thank you.

Moderator: Thank you. Our next follow-up question comes from the line of Amit Mehendale with RoboCapital. Please go ahead.

Amit Mehendale: Thank you. So, my question is on the ROE, like how -- what do you see is the sustainable ROE for this business, you know, 3 years, 4 years out?

Santosh Kumar Shah: One minute, please. Our last year ROE was 30%. Projections we are yet to make. If you want to discuss those things, you can come down, we'll certainly we'll answer you all those things. But last year ROE was 30%.

Amit Mehendale: Sure, I'll connect offline for ROE part. Thank you. Thank you.

Santosh Kumar Shah: Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference call over to the management for closing comments.

Santosh Kumar Shah: I would like to thank everyone for getting connected and giving us this opportunity to explain ourselves. As I said, Sugs Lloyd is going to be a long-term growth story, and we expect everyone to be a long-term partner with us. Do have confidence. Let us grow together, and let us try to help each other in growing. With this, thank you. Thanks a lot to all of you.

Moderator: Thank you, members of the management. On behalf of Sugs Lloyd Limited, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines. Thank you.