RIR Power Electronic

Operator: Ladies and gentlemen, good day and welcome to the RIR Power Electronics Ltd. Q2 FY27 earnings conference call hosted by Veritas Reputation. As a reminder, all participant lines will be in 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 call is being recorded. I now hand the conference over to Mr. Abhishek Savant from Veritas Reputation. Thank you, and over to you.

Operator: Hello. Yes, thank you, and good evening, everyone. On behalf of RIR Power Electronics Ltd., I extend a warm welcome to all participants joining us for the Q2 FY27 earnings conference call. We appreciate your time and interest in joining us today to discuss the company's performance for the quarter ended September 30, 2026. We truly value your continued interest and support. As you are aware, the financial results for the quarter have already been disclosed to the stock exchanges and are also available on our website. Accordingly, today's session is designed to provide deeper insights into our operational progress, industry outlook, and the company's long-term value creation journey. Following the opening remarks by our senior management, we will open the floor for a quick Q&A session. We kindly request you to keep your questions concise and relevant to allow broader participation.

Before we begin, I would like to remind you that some of the statements made in today's discussion may be forward-looking in nature. They are based on the company's current expectations and subject to various risks and uncertainties that could cause actual results and outcomes to differ materially. Joining us on the call today are Dr. Harshad Mehta, Non-Executive Chairman; Mr. N. Ramesh Kumar, Managing Director and Chief Executive Officer; and Mr. Ankit Shah, Chief Financial Officer. With that, I would now like to hand over the call to our Managing Director and Chief Executive Officer, Mr. Ramesh Kumar, for an update on the financial performance and an overview. Over to you, sir.

Ramesh Kumar – Managing Director and CEO: Thank you, Abhishek. Good evening, everyone. Once again, I thank you all for joining us today for RIR Power's Q2 FY27 earnings call. I am Ramesh Kumar, Managing Director and CEO, and it is my pleasure to walk you through the company's performance for the quarter ended September 30, 2026, followed by key operational updates and the outlook going forward.

On a standalone basis, revenue from operations stood at 33.98 crores compared to 27.16 crores in Q1 FY27, representing 25.1% sequential quarter-on-quarter growth. On a year-on-year basis, revenue grew from 25.64 crores to 33.98 crores, reflecting a 32.5% increase. Adjusted operational EBITDA for the quarter was 5.66 crores versus 4.36 crores in Q2 FY26, representing 29.8% year-on-year growth. Adjusted operational EBITDA margin slightly decreased to 16.6% compared to 17% last year.

The slight drop in the EBITDA percentage is mainly due to an increase in raw material costs of 2.8% due to geopolitical issues, as well as a couple of good events where we spent some money. Those were Semicon India, {? InnoTrans Rail ?}, and several other events. These also added some expenses, hence the small gap.

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Profit after tax came in at 4.45 crores compared to 3.15 crores reported in Q2 FY26, representing a 41.2% year-on-year increase. PAT margin improved from 11.97% in Q2 FY26 to 12.5%, reflecting a 53 bps expansion. EPS for Q2 stood at 56 paise compared to 47 paise in Q2 FY26.

Now, moving to the half-yearly performance: On a standalone basis, revenue from operations stood at 61.14 crores compared to 46.66 crores in H1 FY26, representing 31.1% sequential year-on-year growth. Adjusted operational EBITDA for H1 was 10.36 crores versus 7.25 crores in H1 FY26, representing 42.8% year-on-year growth. Adjusted operational EBITDA margin stood at 16.9% versus 15.5% last year. Irrespective of this [inaudible] EBITDA margins [trails off]

Operator: Sorry, sir, you are sounding muffled. Sorry to interrupt, sir. You are sounding a little muffled. Can you please repeat the last line again?

Ramesh Kumar – Managing Director and CEO: Okay. Adjusted operational EBITDA margin stood at 16.9% versus 15.5% last year. Irrespective of the cost increase as well as the other expenses, our EBITDA margins improved by 140 bps over last year's level. Profit after tax came in at 7.59 crores compared to 4.89 crores reported in H1 FY26, representing a 55.2% year-on-year increase. Year-on-year increase.

Liquidity remains, sorry, the order backlog has improved 38.9% from March 31, 2026, closing at 70.4 crores. This increase is giving us confidence for the coming quarters.

Liquidity remains comfortable, and our balance sheet continues to strengthen. Looking ahead, we continue to see strong demand momentum across the industrial power and infrastructure segments and expect to maintain a healthy growth and profitability trajectory.

Now, I would also like to take you through a few important business updates. As we already said about our Odisha plant, the upcoming facility in Odisha, just to repeat for the new people who have joined, the project will be executed in two phases. Phase one consists of epitaxy and packaging, and phase two is fabrication.

As you all know, cleanroom construction and the infrastructure for sourcing the power supply through a 33 kV line were already completed in Q1 of this year. Furthermore, this quarter, we completed the erection and installation of state-of-the-art silicon carbide epitaxial wafer manufacturing reactors at our facility. This development marks a significant milestone in the company's plan to establish India's first vertically integrated SiC semiconductor facility in Odisha, strengthening its commitment to developing advanced semiconductor manufacturing capabilities in our country. Readiness of this facility was also witnessed by [inaudible]

Operator: Sorry, sir, you are sounding muffled again.

Ramesh Kumar – Managing Director and CEO: Okay. Readiness of this facility was also witnessed by dignitaries of the Odisha state government in September this year. Our facility is expected to commence commercial production upon completion of the remaining statutory and regulatory formalities. As mentioned, the key equipment required for the SiC epitaxial wafer manufacturing process has been installed, along with connections, utilities, and other required infrastructure. The commissioning of critical infrastructure elements represents an important step towards

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operationalizing the facility, thereby delivering India's first SiC epitaxial wafers for the domestic and global markets.

Our focus on new product development in the existing business for the railways and power sectors will continue to sustain the current growth trajectory. As we said earlier, the problem has now shifted from the market to manufacturing, and because the order backlog has increased and almost doubled, continuous improvement in the plant is being undertaken by identifying bottlenecks in operations to ensure on-time delivery without compromising quality.

Further, the dividend approved by the shareholders at the preceding Annual General Meeting has been processed and paid to all shareholders on the record date.

Thank you for your patient listening. I will answer any questions. Over to Abhishek.

Operator: Thank you very much. Yes, Abhishek.

Operator: Thank you, Mr. Ramesh Kumar, for sharing the summary of our quarterly results, updates, and other operational and development matters. I would now like to hand over the call to Dr. Harshad Mehta, our Non-Executive Chairman, for his comments on the results. Over to you, sir, for your comments.

Dr. Harshad Mehta – Non-Executive Chairman: Thank you, Abhishek. Welcome, everyone. Good evening, even though it is good morning for me. I am glad to see many people participating, and we are excited to share the continuous growth that RIR has been achieving, and we expect to do more.

Our Q2 FY27 performance reflects steady progress. Since the pandemic, we have been achieving 30% year-on-year growth, with revenue from operations growing 32.5% year-on-year. Profit after tax, out of 33.98 crores, rose by 41.2% to 4.4, sorry, 4.44 crores.

Beyond our financial performance, the installation of silicon carbide epitaxy, which is one of my favorite topics for the last 5 years, [laughs] I am really glad to see it coming close to delivering the product.

The Odisha facility marks an important step towards advancing India's semiconductor ecosystem capabilities, strengthening the Make in India initiative as well as the Self-Reliance India initiative. The silicon carbide epitaxy reactor is currently the first and only such capability in India, and we already have inquiries from international and national laboratories, as well as from the defense sector and other applications that we are looking at for domestically grown epitaxy, which is creating a lot more opportunities.

Our focus on serving the railways, defense, satellite technology, and data center sectors is creating a lot more opportunities. We had not realized the potential in data centers, but as part of our technology development, we worked on thermal management advancements about 20 years ago, and those are [trails off]

Dr. Mehta: Very useful as we go forward. Our commitment to building indigenous solution capabilities in strategically important industries continues to be my focus. The government's continuous support and enabling policy environment are further encouraging progress in this area.

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With comfortable liquidity and a strengthening balance sheet, we remain focused on developing new products and creating sustainable long-term value for our shareholders, our employees, and the nation. Over to you, Abhishek.

Operator: Abhishek, you are on mute.

Abhishek: Yes, sorry. Yes, I was on mute. Thank you, Dr. Mehta. We will now be happy to answer any of your questions and hear your perspectives. Over to you so that we can open the floor for any questions.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We will take our first question from the line of Charchit Maloo from {? Genuity ?} Capital. Please go ahead.

Charchit Maloo – {? Genuity ?} Capital: Hi. Thanks a lot for the opportunity. Just one quick question. The sound was not clear at that time. Until when will the epitaxy plant be operational? Can you give us the timelines?

Ramesh Kumar: From our side, almost everything is done. We are only conducting internal testing of our reactors. We are waiting for certain clearances from the Government of Odisha, including building clearance and fire clearance. These things are in process. As soon as they come, we can start. So there is no timeline. It all depends on the government's clearances being received as early as possible.

Charchit Maloo – {? Genuity ?} Capital: Because I was looking at our balance sheet, I noticed that PPE was flat and CWIP increased. I am asking in that context. Can we expect the plant to be operational from next quarter?

Ramesh Kumar: Yes, this quarter, I think—yes, we—

Dr. Mehta: We certainly hope so. It is not only a hope or a matter of waiting for government action. Ramesh Kumar and I have been calling the Chief Secretary and Additional Chief Secretary almost every week, and sometimes we also send a message to the Chief Minister that these kinds of delays are not acceptable. If Odisha wants to become a growing leader in India in semiconductors, they need to get their actions in place.

Charchit Maloo – {? Genuity ?} Capital: Okay. On a consolidated level, how much are we expecting in terms of revenue and EBITDA in FY27?

Dr. Mehta: Are you talking about the Odisha plant or overall?

Charchit Maloo – {? Genuity ?} Capital: From Odisha and overall.

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Ramesh Kumar: We do not give forward-looking statements. However, if you see our first- and second-quarter growth and the numbers we have delivered, we are definitely not looking at going back or tracking back. I am sure we will do better than where we are now, or at least equal to it.

Charchit Maloo – {? Genuity ?} Capital: Okay, sir. Thanks a lot, and all the best.

Operator: Thank you.

Ramesh Kumar: Thank you.

Operator: Before we take the next question, I would like to remind participants that to ask a question, please press star and one on your phone now.

The next question is from the line of Pratik Giri from ShubhLabh Research. Please go ahead.

Pratik Giri – ShubhLabh Research: Greetings. Thank you for the opportunity, and I hope I am audible. Ramesh, I think your magic is in the P&L. After a long time, we are reaching 34 crores of revenue on a quarterly basis. I wanted to understand whether we should take this as a base-case quarterly run rate, with improvement on top of it from here, or whether you think something worked on a one-time basis for us in this quarter.

Ramesh Kumar: I did not understand, Pratik. If you see, last quarter also we were almost close to 30 crores. I have also mentioned in my remarks that the order backlog is at 39 crores.

Pratik Giri – ShubhLabh Research: Okay.

Ramesh Kumar: There is scope to increase this base. At the same time, as I said, we have shifted our problem from the market to the plant. We are working at the back end to increase our productivity so that we continue growing above the numbers we are going to create this year and on a quarter-on-quarter basis.

Pratik Giri – ShubhLabh Research: Understood. Is it safe to assume that this is going to be the base case, probably the base quarter from here?

Ramesh Kumar: Yes, it should be.

Pratik Giri – ShubhLabh Research: Understood. That is really encouraging. Yes, Mr. Mehta.

Dr. Mehta: This quarter and last quarter, we have not seen any one-time revenue. These are consistently operating, routine revenues that we expect as we go forward.

Pratik Giri – ShubhLabh Research: Yes, Mr. Mehta. That is why I said it is probably Ramesh's magic in the P&L. In fact, congratulations to the team. One thing, Ramesh, I think the order book is not published in the press and media release, or I might be missing it. If you can include that in the media release, it would be very helpful.

Ramesh Kumar: Maybe from next time onward, we will do it. I do not think we have been doing it so far. We will definitely take your advice and include it from next time onward. That is why I deliberately mentioned it in this meeting, so that people would understand it better.

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Pratik Giri – ShubhLabh Research: Understood. My second question is for Ramesh. Regarding the epitaxy process, I understand that we are probably very close to completion. Phase 1 has probably two parts, Phase 1A and Phase 1B, with the second one being packaging. I wanted to understand what steps we have taken for that phase to start taking shape. Are we yet to do the basic groundwork for packaging as well?

Ramesh Kumar: As far as the place is concerned, it is readily available. The only part is the financial aspect, on which we are in discussion. I call it a discussion, but it is almost through. We are at the closing stage with the bank for the term loan for packaging. Once that is done, we are ready with the equipment, the supplier, and everything else. The work will start and be completed in 9 to 12 months without much difficulty. The basic work is done, so we are just waiting for the final approval of the financing from the bank.

Pratik Giri – ShubhLabh Research: Understood. One thing we have realized is that dealing with state governments brings a lot of delays into the system. That is why I was asking. I also had one follow-up. If we try to understand our fabrication unit, I am sure that when fabrication is initiated, there will certainly be other types of delays that we might encounter. It would be helpful if we could proactively start this as soon as possible, because as a shareholder, it has already been more than 2 years. I understand that things were not in our hands, but if we can proactively do something for the next phase to reduce the delays, that would save us a lot of pain, Mr. Mehta.

Ramesh Kumar: I will just give you an update. This is also relevant to the Odisha government. They made the flatted building that they leased to us for the epitaxy reactor as well as for packaging. We are also learning from the initial problems, and based on our requests, they are learning as well. I am sure that once the building approval comes, no special approval will be required for packaging. It will only require expansion approval, and that will happen easily.

As for your argument regarding fabrication, it is going to be a greenfield project. Once it is a greenfield project, these matters will be taken care of from Day 1. For example, the building layout: once the building is made and the layout is created thereafter, these issues will not arise, because the layout will be prepared first and then the building will be made. The process will happen automatically. At least, there will not be delays for this fabrication plant because we have to execute it as a greenfield project. It is treated as a greenfield project.

Dr. Mehta: Pratik, on my side, we have been proactively working on the second half of Phase 1, which is packaging. We have been working on identifying the right participant, the right technology partner, and the right product mix. The product mix keeps changing in terms of margins, specifically because of China. We want to make sure that we stay ahead and select the products that create value, which is our basic business model.

We are ready with everything. We have the agreement in hand, a draft agreement, although many changes have not been made to it. Once we receive the bank's approval, which will happen, we can proceed. As soon as that happens, I think that, after the first phase in Odisha in terms of the money coming in, the facility and the agreements, including the tripartite agreement with the bank and the state, will be in place. Those are all the growing pains that have been taken care of. I feel that we should not see any more delays.

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The only reason we are cautious at this point is that we want to make sure that we make the investment when we can immediately and quickly begin implementation. I do not want to repeat what I learned from a mistake. We invested $2 million in epitaxy in 2021, and now we are going to monetize it. Sometimes I learn from mistakes, but at the same time, I do not delay anything. I want to be proactive. We keep everything ready, and then we move forward once we are comfortable that the time is right and that we do not expect any issues.

Pratik Giri – ShubhLabh Research: Understood. Mr. Mehta, we have been seeing you work hard for the past 2 years. This is probably the first project in Odisha to see the light of day, so congratulations for that. My last question before I rejoin the queue is regarding bank funding. Earlier, I understand that we wanted to have an equity mix as well, but it is good that debt can also be availed. Given the current size and strength of the company, will it be a mortgage-backed or asset-backed loan? If so, what asset will the bank identify to be mortgaged against that loan? Also, why is it taking so much time for the bank to give us approval, given that we are government-approved and, to an extent, government-funded?

Dr. Mehta: I think I would have Ankit answer that detailed question. I will summarize it based on what I understand. I inquire with Ankit and Ramesh almost every week, and sometimes in the middle of the night, about the bank status. For the last 2 months, we have heard that we have received all the approvals and that everything is now in the paperwork stage. I am in the US, so this is sometimes very disappointing for me. But I say that when in Rome, act like the Romans. We are in India, so we act according to the Indian system. Ankit, can you please give the details?

Ankit: Thank you for your question. This loan would basically be backed by certain immovable properties and some FDs, which would act as collateral and security for the loan. These properties belong to the promoters.

Secondly, regarding the loan approval, we had a call this morning with the bank authorities and bank officers. They informed us that they have obtained all the internal approvals, and it is just a matter of time before they issue a formal sanction letter to us. That is the current status of the loan.

Considering the size of the company and the question of the size of the company vis-à-vis the size of the loan, [cut off]

Ankit: We feel comfortable even having this size of loan because we have a 5% interest subsidy from the government, which would make this loan very inexpensive for the organization. We have already raised equity, and there is equal participation from the government. Having a certain portion of debt would definitely help us obtain operating leverage from this. That is the only reason we have considered debt as part of the funding source. This particular 5% interest subsidy will not affect the P&L to that extent, and it will help us build this Phase 1B very quickly.

Charchit Maloo – {? Genuity ?} Capital: Understood. Just one follow-up: will there be some equity portion apart from this debt, or are we still considering it?

Ankit: No, for 1B, we will not have any further equity participation. It will just be your—

Ramesh Kumar: At this point, yes. At this point.

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Ankit: For 1A, we have already made the entire equity contribution, with no debt. For 1B, we are looking at debt financing.

Charchit Maloo – {? Genuity ?} Capital: Understood. This is helpful. I am rejoining the queue. Thanks a lot, Ramesh.

Ramesh Kumar: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Somnath Paul from Relay Investments. Please go ahead.

Somnath Paul – Relay Investments: Good afternoon and good morning, sir. I apologize; I have not been a long-time follower of the company. I am trying to understand the company better, so my question is more on a broader level.

Over the last couple of years, the challenges were perhaps having a dedicated CFO or CEO and the Orissa government power-line issues. More or less, those issues appear to have been sorted. If we look at the broader trajectory for the next 2-3 years, when do you think we can go all guns blazing, in the sense that semiconductors are picking up very well and now that we have everything in place? Can you give us a broader outline of how you think we will scale up and move from the current level to a different level with our leading technology?

Harshad: I think that we have been—

Ramesh Kumar: Harshad—

Harshad: Ramesh, you go ahead. You go ahead.

Ramesh Kumar: Yes, yes. Go ahead, sir. Please go ahead. Harshad, please go ahead.

Harshad: Okay. We have sometimes been ready with the technology while the market for the product has not been ready. This time, however, what we have seen is that nothing happens in a straight line, with a horizontal line followed immediately by a vertical line. If you look at the first 2 quarters, you can see the trend and that we are building stability and infrastructure. Ramesh has done a lot in terms of efficiency improvement, and Ankit has also been applying his experience in this situation.

We may still require some people on the technology side because the Government of India, under the Make in India and Self-Reliance India policies, is looking for the types of capabilities that India has never developed before. We have done this in the US, but we need a couple of good people from that perspective, and we have already identified them. They are in India, and they work for multinational companies outside India.

I do see that, except sometimes in retail or similar areas, technologically we are ready. The steps that are usually followed in turning something into a product include reliability testing, statistical failure analysis, and so forth, because the products go into railways, defense, and other high-value assets.

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From that perspective, we have already gone through field demonstrations and test demonstrations for defense for the last 2.5 years for an electromagnetic aircraft launcher. We expect the RFP to be issued at any time, and we will be a key part of it.

In this situation, becoming an industrial electronics company takes time. The beginning, from concept to technology demonstration, which is one of the most difficult parts, has been completed by us. Now, moving from technology demonstration to obtaining the product and taking it through reliability testing is something we can do substantially on paper, but it has to be proven in the field. That is the stage we are at.

Somnath Paul – Relay Investments: I understand. Broadly, how or when, and in which FY, do you think your vision will be realized and money will flow into the company, the shareholders, and the promoters as well?

Harshad: As soon as we start silicon carbide epitaxy as a product, which should happen within the next 3 months at the maximum, we will start generating revenue. Revenue will start coming in; we do not have to wait until the end of the project to see revenue.

We will see revenue in three phases or three steps. First, once the epitaxy is ready as a product, which should happen in approximately 3 months, as I mentioned. The next phase will be packaging, which Ramesh said would take 8 or 9 months. That will be the second source of revenue. The final source of revenue will be the fab. Once the fab is built here, we will have that source of revenue as well. At the same time, we are not delaying it because we have the IP, we are having it contracted out, and we will generate revenue from that as well.

Somnath Paul – Relay Investments: One final question. It is somewhat surprising that, if we understand it in US dollar terms, the current order book is close to $4 million, whereas in your earlier calls you mentioned that the entire space, or the imports, could be more than $100 million, perhaps close to $100 million. What do you think are the current challenges in that area that might be rectified going forward?

Harshad: The market exists. That means there is a market. We do not have to develop the market for the products we are working on. Our challenges are obviously demonstrating the product and demonstrating that we are competitive with global partners.

What is helping us as a tailwind is the government's mission to Make in India, or at least to have 60% of the components made in India, and so forth. This is coming, but it is coming slowly. That would definitely help. At the same time, in parallel, we need to demonstrate the product, the prototype product, and reliability, which we are very confident about with our technology. But that has to be demonstrated.

Somnath Paul – Relay Investments: All right, sir. Thank you for your reply. I will rejoin the queue for further questions. Thank you.

Harshad: You are welcome.

Operator: Thank you. We will take our next question from the line of Keshav from Niveshaay. Please go ahead.

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Keshav – Niveshaay: Thank you for the opportunity. I wanted to ask about the reactors that have already been installed. How many units can we produce through those reactors? Earlier, I think we were planning for 4,000-5,000 wafers per month. Please correct me if I am wrong. Initially, how much are we planning to produce in a month? Also, if you can let us know the realization per wafer based on current market rates, that would be very helpful.

Ramesh Kumar: Ankit, do you want to answer that question regarding the numbers and value?

Ankit: Can you please repeat the question?

Operator: Sir, please use handset mode. Your audio is [crosstalk].

Keshav – Niveshaay: Am I audible now?

Operator: A little better. Please go ahead.

Keshav – Niveshaay: I wanted to know the capacity of wafers that we can manufacture through that unit. I do not know whether I remember correctly, but earlier it was 4,000-5,000 wafers per month. After 3 months, once the base is installed and the plant is commissioned, how many wafers are we planning to produce in a month? Also, if you can provide the per-wafer realization, please tell us the number.

Ankit: To answer your question, what we expect over the next 4-6 months is revenue of around 12-15 crores from the epitaxy process. I do not have the exact breakdown of the per-wafer realization because it would depend on various specifications and thicknesses. The pricing would differ, and therefore, determining an average price would be difficult. Based on what we have estimated for various thicknesses and other factors, we estimate revenue of around 12-15 crores over the next 4-6 months for the balance period of the financial year.

Ramesh Kumar: To add to what Ankit has said, productivity and the numbers will differ depending on the coating. For example, if we do coating based on certain microns, say 30 microns, it will determine how many wafers we can deliver per month. That is how we work.

It is not necessary that every wafer will be coated at 30 microns because the voltage determines the thickness. Therefore, it will vary. It would be very, very difficult to state the exact number and say that a certain number of wafers will be produced and that the cost per wafer will be a particular amount.

Keshav – Niveshaay: Understood. This 12-15 crore number that—

Ramesh Kumar: Yes, go ahead.

Keshav – Niveshaay: This 12-15 crores of revenue that you are planning to generate over 4-6 months—has the customer demand already started? Do we have demand for the wafers such that we are projecting this revenue? If you can provide some information on that as well.

Harshad: Yes, we have specifications from international customers, and we are also pursuing domestic customers. We have the specifications for what they want, and we also have letters of intent. At this point, letters of intent cover approximately 90% of our capacity.

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However, a letter of intent depends on timing, and it is what it says: a letter of intent. It means that customers are interested. We need to have a competitive product and so forth.

We are being very conservative at this point by installing two reactors. We may very well need approximately five reactors very soon, but we are waiting and are not taking that step immediately. We are making sure that we grow rather than have the reactors idle and not operate at full efficiency.

Keshav – Niveshaay: Absolutely. I think I have my answers. Thank you very much.

Harshad: Thank you.

Operator: Thank you. We will take our next question from the line of Saurabh Jain from Sequel Investments. Please go ahead.

Saurabh, your line is unmuted. Please go ahead with your question.

Your audio is not clear. Please use your handset.

Saurabh Jain – Sequel Investments: Hello? Hello?

Operator: Your volume is very low, Saurabh.

Saurabh Jain – Sequel Investments: One second. Am I audible now?

Operator: Yes, please go ahead.

Saurabh Jain – Sequel Investments: I wanted to know the current capacity and capacity utilization, as well as the current order book as of September 30.

Ramesh Kumar: Are you talking about the existing products?

Saurabh Jain – Sequel Investments: Yes, capacity and capacity utilization. And—

Ramesh Kumar: There are three product verticals that we operate in the existing business. One is LT, or low-power devices. The second is high-power devices, and the third is equipment.

For high-power devices, the entire process takes place from the wafer to packaging, conversion, diffusion, fabrication, and then making it into a product. There, we have good [cut off]

Ramesh: Capacity, and we are also adding some of the bottleneck operations that we have identified. We are investing money to increase capacity. If you ask me, certain bottleneck operations may have reached 90% utilization, but we can double that capacity by adding machines. The capacity can therefore double in those areas.

For the other two products, there is no capacity issue because they are more related to assembly. I need to add more assembly benches and continue adding people in LPD as well as equipment. It is more related to assembly, so there is no actual production constraint. In LPD, it is component assembly. In equipment, various products are assembled as equipment and supplied to customers. I do not see this becoming a challenge as far as capacity is concerned.

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Saurabh Jain – Sequel Investments: [inaudible] current order book, sir?

Ramesh: Sorry, you are not very clear.

Operator: Saurabh, your audio is not clear.

Saurabh Jain – Sequel Investments: Hello?

Ramesh: No.

Saurabh Jain – Sequel Investments: No?

Ramesh: Yes, yes. Can you speak a little louder?

Saurabh Jain – Sequel Investments: Current order book, sir?

Ramesh: I told you that the order backlog at the end of Q2 is approximately 39 crores.

Saurabh Jain – Sequel Investments: What is the particular revenue guidance for FY27 and FY28?

Ramesh: FY20?

Saurabh Jain – Sequel Investments: FY27 and FY28?

Ramesh: Are you asking about revenue from the existing business or the new business?

Saurabh Jain – Sequel Investments: Including both.

Ramesh: We do not provide any forward-looking statements.

Saurabh Jain – Sequel Investments: Okay. Thank you very much, sir.

Ramesh: Thank you.

Operator: Thank you. The next question is from the line of Vijendra, an individual investor. Please go ahead.

Vijendra – Individual Investor: Good evening. Am I audible?

Ramesh: Yes.

Operator: Yes.

Vijendra – Individual Investor: Good evening, sir, and I am happy to see the results. I have one query. Recently, the Ministry of Power and the Ministry of Electronics raised a request for the indigenous development of VSC HVDC systems. Is there any way we can be part of that value chain? Are we planning to do anything in that area?

Management {? Harshad ?}: Yes, we are already participating. We have submitted our interest, and in about a month's time, we will submit our plan. That is what the government, the ministry, and the power ministry are looking for in terms of how we would address the development plan. This is what

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the government is considering and planning.

We are very much part of it, and based on my experience and the experience of my US company in high-voltage DC, which I acquired from GE and elsewhere, I am quite sure that we will have a role.

Ramesh: To add to what Mr. Harshad is saying, all the other participants who may come in do not have anything related to silicon carbide in India. They have to start from scratch. RIR, on the other hand, is already present as far as epitaxy is concerned.

They have specified 18 months for sample supply and 36 months for product supply. Within 18 months, we will be ready with our fabrication—sorry, our packaging. We already have a tie-up for fabrication. We can send our epitaxial wafers, have them fabricated, package them in India, and supply them for this tender if we win it.

I feel we are in a much better position than anybody else because all the others have to start from scratch. The government is saying that the supply must be 100% indigenous. If it has to be 100% indigenous, people have to start from scratch, whereas we have already crossed many bridges for this activity.

Vijendra – Individual Investor: It is good to hear that, sir. One more thing: regarding the silicon carbide factory and the process that is going to take place in Bhubaneswar, are we planning any production during this quarter? When will this happen, and how will utilization be? In other words, how much capacity are we going to utilize during the remaining quarters of this year?

Ramesh: Perhaps you joined a little later. As we said, we are all set to begin production. Production will start once the statutory clearances from the government are received. We are hoping that, if not in November, we will definitely start commercial production of epitaxial wafers in December. That is what Ankit Shah referred to when he discussed the revenue we estimate this year from this activity.

Vijendra – Individual Investor: Okay. Thank you very much for answering. Thank you very much, sir.

Ramesh: Thank you.

Management {? Harshad ?}: You are quite welcome.

Operator: The next question is from the line of Somnath Paul from Relay Investments. Please go ahead.

Somnath Paul – Relay Investments: Thank you for taking my question again. I would like to understand more about this on a broader level.

Given that semiconductors in India are gaining momentum, and many large and reputed players with foreign tie-ups are investing substantial amounts in developing plants, with some having already started or being about to start, how do you think we, as a smaller part of the broader supply chain, stand in terms of competition? I think semiconductors are all about scale.

My second question relates to the railway, defense, and a few trial export orders that we received and delivered over the last 1.5 years. Have you seen any customers returning for increased

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quantities or more advanced versions of the products we supplied as trial orders? Thank you.

Ramesh: I will—

Management {? Harshad ?}: I will take the first part.

Ramesh: Yes, sir. Go ahead.

Management {? Harshad ?}: If you look at the value chain, we are at the highest-value part of the chain and are the only company in India providing a value chain that starts from silicon or silicon carbide material and goes all the way to systems. These vertically integrated systems include epitaxy, device fabrication, packaging, modules, and systems.

When you talk about the large companies, they are absolutely large and are investing a lot of money. However, their value chain at this time covers only the last 5% of the total value chain, which is OSAT packaging, or outsourced semiconductor assembly and testing. They obtain processed wafers from their customers and take them through automation for testing and packaging.

From the overall value-chain perspective, their value chain is a very small portion of the entire chain. Their revenue magnitude is large, but their profit margins are small. From the very beginning, we have followed a principle: we will focus on high-value, high-margin, low-competition products.

The medium- and high-power products that we make are not being made by anyone else in India. Globally, there are approximately 4 or 5 competitors, including ABB, Siemens, Hitachi, Toshiba, and others. This market is not growing quickly because it is not technically easy to develop those products overnight and gain customer acceptance from a reliability perspective, and so forth. Ramesh, you can address the railways.

Ramesh: To add to what Harshad has said, we are already producing silicon-based products. That is our HVD business, where we obtain the wafer, perform the coating, fabrication, and packaging, convert it into a product, convert it into systems, and supply it to various customers. This is not being done by all these large companies that have entered the sector.

They are simply obtaining fabricated chips, packaging them, testing them, and supplying them. The voltages are also different. They operate in small, milliamp-level applications, whereas we are involved in high-power devices. In our silicon-based business itself, we produce up to 9,000 volts and 6,000 amps, which is very high.

Now we are working on silicon-based HVDC at 5 kV for US customers. With respect to railways, we continue to supply the existing products, and we are continuously developing new products as and when the railway specifications change, including RDSO specifications.

The railways are also improving their train sets. All passenger trains are now going to be Vande Bharat trains. Of course, demand will continue because locomotives will continue to be required for the freight corridors that the railways are creating. There is significant demand in the railway sector as well. I hope we have answered your question.

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Somnath Paul – Relay Investments: On the second question regarding repeat orders or increased demand from the dispatches we made over the last 1.5 years, I asked about that as well.

Ramesh: In defense, we are yet to start, but in railways, we are receiving repeat orders. That is why, if you look at our railway business this year, I expect at least 70–80% growth over last year's quantity and value. This is not only from new products but also from the existing products.

In defense, we have completed our prototype testing and everything else. Regarding repeat orders, the first trial orders are expected at any time. We are waiting for those trial orders.

As far as exports are concerned, we have executed approximately 70% of the first order they gave us. Once we complete it, they will also test it in the US market and then continue repeating those orders.

Somnath Paul – Relay Investments: I would like to ask one more point regarding your first answer. Can we safely say that, if all these large companies decide to enter your value chain, they cannot simply buy the technology? Would they either have to acquire a company or collaborate with a company such as yours? I am asking from that perspective.

Ramesh: Yes, they have to start from scratch, actually.

Somnath Paul – Relay Investments: They would either have to buy a company or collaborate with a company such as yours. Would that be a fair understanding?

Management {? Harshad ?}: Yes. In India, there is no one else with the capability to do this, and establishing the capability in India itself is a barrier to entry, specifically for medium- and high-power devices. From that perspective, we believe we are uniquely in a leading position.

What we need to do now, and what we are trying to do as much as we can, is modernize our facility and automate it as much as possible, so that we are not challenged by any newcomer. We do not really see any newcomer at this point, but we want to be prepared to face any newcomer with substantial financial resources.

Somnath Paul – Relay Investments: The point was about the money. A lot of money is flowing into the sector, but money alone cannot necessarily establish a facility and make it operate within 6 months.

With all this commentary, do you think FY29 will be an inflection point for you in terms of revenue scale-up? Railways are currently picking up, you mentioned defense trial orders, and the packaging unit will also come next year. Do you think FY29 is an inflection point from your perspective, and which verticals can drive growth? Please highlight them.

Ramesh: Growth should come from all verticals because we are not leaving anything. If you look at our existing performance, it is from existing customers and existing products. We have also added a few new products. There is no doubt about the new products for various applications, but what I am saying is [trails off]

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Management: We have to be optimistic; we are always optimistic. We feel that we will do much better than we are doing this year, with all these new developments as well as silicon carbide coming in and contributing revenue. I think we are very optimistic that we can do much, much better than where we are. However, generally, we would like to avoid giving forward-looking statements.

Somnath Paul – Relay Investments: My question is only about the inflection point. A lot of the work you are doing may bear fruit mainly in FY29, which is what I anticipate. That is the question I am trying to understand.

Management: Yes, you are right.

Management: I certainly feel that the grid, HVDC grid, railways, and defense will be the key areas. Defense does not always have significant volume because we are in a very high-power, specialized niche product. As I said, I am going to stay quiet because I do not know the Indian regulations. [laughs] I will let Ramesh Kumar and Ankit handle that question.

Management: Aspirations are there because the tenders could be much, much larger. Our aim is that, once we complete the Odisha project after FY29 or FY30, the numbers will be completely different. That is where I think he was saying that once the project is fully operational, these numbers can be achieved.

Somnath Paul – Relay Investments: So that is a revenue number, not a target market number. Is that the correct assumption?

Management: Yes.

Management: That is a revenue number.

Management: Revenue.

Somnath Paul – Relay Investments: Thanks, and all the best for the future, sir.

Management: Certainly.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the call to Mr. Abhishek Sawant for closing comments. Over to you.

Abhishek Sawant: Thank you to everyone who joined us today and participated in the discussion. We appreciate your questions and continued interest in RIR Power Electronics. As always, we remain committed to transparent communication and delivering long-term value to all our stakeholders.

In closing, on behalf of the board of directors and management, we thank you all for your participation in this call. We remain focused on operational excellence, financial prudence, and long-term value creation. Should you have any queries, please feel free to reach out to us. We look forward to engaging with you again in our future updates. Have a great evening, and stay safe. Thank you.

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Management: Thank you.

Management: Thank you, everyone.

Operator: On behalf of Veritas Reputation, that concludes this conference. Thank you all for joining us today. You may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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