Vivid Electromech

Operator: Good day and welcome to the H1 FY27 conference call hosted by Vivid Electromech Ltd.

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 and then zero on your touchtone phone.

I now hand the conference over to Mr. Akhilesh Gandhi from Stellar IR. Thank you, and over to you, sir.

Akhilesh Gandhi – Stellar IR: Thank you, Yashashvi. Good afternoon, everyone. This is Akhilesh Gandhi. I am speaking on behalf of Stellar Investor Relations. I would like to welcome you all to the Vivid Electromech Ltd. H1 FY27 earnings conference call.

We shall be sharing the key operating and financial highlights for the half year ended September 30, 2026.

Today, we have with us the senior management team of Vivid Electromech Ltd., namely Mr. Sameer Athavale, our Chairman and Managing Director. With him, we also have Mr. Varun Mishra, our Chief Financial Officer.

Before we begin, I would like to state that this call may contain some forward-looking statements, which are completely based on the company's beliefs, opinions, and expectations as of today. The statements made on today's call are not a guarantee of future performance and also involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. The document relating to the company's financial performance has already been uploaded on the stock exchange.

With that, I now invite Mr. Sameer Athavale to share his initial and opening remarks on the company's performance for the half year ended September 30. Thank you, and over to you, sir.

Sameer Athavale – Chairman & Managing Director: Good afternoon, everyone. A very warm welcome to Vivid Electromech Ltd.'s first earnings conference call following our listing on the NSE Emerge platform in April 2026.

I would like to thank all our shareholders, investors, analysts, and other participants for joining us today. We sincerely appreciate your interest in Vivid Electromech and the confidence you have placed in our company.

We are pleased to share our financial and operational performance for the first half of FY27, along with the key developments in our business and the progress we have made on our growth initiatives.

Today, I will briefly introduce our business, share the key operational and strategic developments during the first half, and discuss our growth priorities. Thereafter, our CFO, Mr. Varun Mishra, will

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take you through our financial performance in detail.

Vivid Electromech Ltd. is an established electrical engineering and manufacturing solutions provider, specializing in low-voltage and medium-voltage electrical panels, power distribution systems, and industrial automation solutions. Our product portfolio includes power control centers, motor control centers, variable frequency drives, VCB panels, and ring main units. We also specialize in power distribution units for data center feed.

Coming to the industries we serve, our solutions find application across data centers, industrial manufacturing, infrastructure and construction, metro rail, renewable energy, and utilities. Each of these industries requires reliable electrical distribution, control, and automation systems, and our diversified product portfolio enables us to address these requirements.

Data centers have emerged as one of our most important business segments and a key growth driver for the company. With increasing investment in cloud computing, artificial intelligence, and digital infrastructure, we see significant opportunities in this segment while continuing to strengthen our presence across the other end-use markets.

Before our manufacturing footprint, we had established an execution presence across more than 15 states in India, enabling us to serve customers across different industries and geographies. Over the years, we have also established strong associations with leading global OEMs, including ABB, Hitachi, and Lauritz Knudsen, which complement our engineering and manufacturing capabilities.

Our strength lies in our ability to understand customer-specific requirements and deliver customized electrical solutions while maintaining high standards of quality, safety, and reliability. Building on this established foundation, we are now focused on scaling our manufacturing capabilities, expanding our product offerings, and strengthening our presence across key growth industries.

Coming to our business performance during the first half of FY27, our growth was supported by continued execution of customer orders, demand across key industries, and increasing participation in international markets. Data centers remained our key growth driver, supported by our relationships with established operators, including STT Global Data Centres, CtrlS Datacenters, and AdaniConneX. Our capabilities in customized electrical distribution systems and specialized PDUs continue to support our presence in this segment.

Beyond data centers, we continue to execute our projects across infrastructure, industrial manufacturing, and renewable energy, serving customers such as NCC, Afcons, JSW, and Spanomatic Solar. This diversified industry exposure provides us with multiple avenues for growth. Another encouraging development was the expansion of our international business, with increased exports across African markets, including Tanzania, Kenya, Mali, Burkina Faso, and Ghana.

Coming to our order book, as of October 26, 2026, our executable order book stood at approximately 307 crores, providing healthy revenue visibility for the coming two quarters. Our typical execution cycle ranges between 2 and 9 months, depending on project requirements and delivery schedules.

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Moving to our strategic initiatives, we are focused on expanding our manufacturing capacity, strengthening our product portfolio, and enhancing our technical capabilities. A key development is our new manufacturing facility at Ambernath, where Phase 1 has entered the equipment installation and operational readiness assessment stage. Subject to requisite statutory approvals, commercial operations are expected to commence by the end of November this year.

Upon completion, the facility will add 15,000 verticals annually, taking our total installed capacity from 7,500 verticals to 22,500 verticals per year. With advanced automation, robotic fabrication, and in-house testing capability, the facility is expected to improve manufacturing efficiency and strengthen our ability to execute larger and more complex orders.

On the product development front, we have introduced 800-volt low-voltage panels, type-tested at CPRI Bhopal as per IEC 61439, strengthening our offering for energy applications. We have also acquired a 99% partnership interest in Mectech Infra Solution, a Siemens-licensed partner for SIVACON 8PU low-voltage switchboards. This acquisition is aimed at broadening our product capabilities and strengthening our presence in industrial electrical and automation solutions.

Looking ahead, our growth strategy remains centered on three key priorities: strengthening our position across existing industries, expanding our geographical reach, and scaling our manufacturing capacity. Our immediate focus is on converting our order pipeline into timely execution while continuing to deepen relationships with existing customers and pursuing new business opportunities.

The upcoming Ambernath facility, combined with our technical expertise and OEM partnerships, will enhance our ability to address larger projects, improve operational efficiency, and expand our product offering. We believe our established engineering capabilities, diversified industry presence, and growing order pipeline provide a solid foundation for the next phase of growth.

With that, I would now like to hand over the call to our CFO, who will take you through our financial performance for the first half of FY27 in greater detail. Over to you, Varun.

Varun Mishra - CFO: Thank you, sir, and good afternoon, everyone. Let me now take you through our financial performance for the first half of FY27, followed by our revenue composition, operational metrics, balance sheet, and cash flow position.

Starting with our financial performance, revenue from operations stood at Rs.91.53 crores, registering growth of 29.7% year-on-year compared to Rs.70.57 crores in H1 FY26. Total income stood at Rs.92.15 crores, registering growth of 30% year-on-year compared to Rs.70.89 crores in H1 FY26.

EBITDA increased by 37.5% year-on-year to Rs.19 crores, compared to Rs.13.82 crores in H1 FY26. EBITDA margin improved to 20.62% from 19.49% in the corresponding period last year. Profit after tax grew by 38.5% year-on-year to Rs.13.08 crores, compared to Rs.9.44 crores in the corresponding period last year, with PAT margin improving to 14.2%.

Revenue growth was supported by execution of orders across key industries, while improved product mix, operating leverage, and execution efficiencies contributed to stronger profitability.

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Coming to our revenue composition, low-voltage panels contributed 82.7% of revenue, followed by medium-voltage panels at 17%, with the balance coming from traded products and services.

From an industry perspective, data centers contributed approximately 52% of revenue, followed by infrastructure and real estate at 24%, industrial manufacturing at 17%, and the remaining 7% from solar and other industries.

Geographically, Maharashtra contributed 77% of revenue. Domestic business accounted for approximately 91% of revenue, while exports contributed 9%. Export revenue stood at approximately Rs.8.1 crores during H1 FY27, compared to Rs.2.5 crores for the entire FY26.

During the first half, we served 71 customers, with average revenue per customer of approximately Rs.1.28 crores. On the manufacturing front, capacity utilization at our Navi Mumbai and Pune facilities stood at 95% respectively.

Coming to the detailed composition of our order book, of the approximately Rs.307 crores of executable order book mentioned earlier, data centers accounted for Rs.115 crores, metro rail accounted for Rs.46 crores, and other industries accounted for Rs.146 crores. From a geographical perspective, export orders stood at approximately Rs.66 crores, accounting for nearly 22% of the total order book. Our order book comprises 43 customers, with approximately 89% of the order value coming from existing customers and the remaining 11% from new customers.

Now coming back to our balance sheet, we have significantly reduced our long-term borrowings during the first half. Long-term borrowings declined to Rs.1.76 crores as of September 30, 2026, compared to Rs.19.66 crores as of March 31, 2026, with repayments of approximately Rs.23.02 crores during the period.

Our total borrowings reduced to Rs.24.27 crores, compared to Rs.33.30 crores as of March 2026, despite an increase in short-term borrowings to Rs.22.51 crores. This increase in short-term borrowings was primarily to support working capital requirements, including procurement and execution of ongoing customer orders.

On the working capital front, inventories increased to Rs.17.29 crores from Rs.6.66 crores, while trade receivables stood at Rs.119.75 crores compared to Rs.116.5 crores as of March 2026. The increase in inventories was primarily driven by procurement ahead of scheduled project execution and dispatches, while receivables remained broadly stable. Trade payables reduced following settlements with suppliers during the period.

During H1 FY27, net cash flow from operating activities stood at negative Rs.55.49 crores. This outflow reflected higher inventories and short-term advances, a reduction in trade payables, an increase in other bank balances, and income tax payments.

With a healthy order book and an increasing pace of project execution, our working capital requirements have remained elevated in the near term, particularly towards procurement and ongoing projects. However, as execution progresses and customer collections materialize, we expect working capital pressures to gradually ease and operating cash flows to improve over the coming quarters.

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Cash outflow from investing activities stood at negative Rs.28.23 crores, reflecting investments in property, plant and equipment, intangible assets, and capital work-in-progress, partly offset by other investing inflows. Capital expenditure during the period stood at approximately Rs.34 crores, primarily towards manufacturing expansion and related investments. Our focus remains on improving working capital efficiency and strengthening our operating cash flow as project execution progresses.

Now coming to the utilization of our IPO proceeds, out of the fresh proceeds of Rs.104.56 crores, approximately Rs.81.64 crores had been utilized as of September 30, 2026, with Rs.22.92 crores remaining unutilized.

Management: The proceeds have been deployed towards repayment of certain borrowings, capex, working capital requirements, and other approved purposes. As approved by our shareholders at the 36th AGM dated August 25, 2026, Rs.9 crores was reallocated from the manufacturing facility capex allocation towards working capital requirements. Our focus remains on disciplined capital allocation, efficient working capital management, and maintaining financial flexibility as we scale our operations.

Overall, we remain focused on translating business growth into sustainable profitability, improving operational efficiency, and strengthening our financial position. That concludes our financial overview for the first half of FY27. With that, I would now like to hand over the call to our CMD, Mr. Sameer Athavale, for his concluding remarks. Over to you, sir.

Sameer Athavale – CMD: Thank you for the financial overview. As we look ahead, we remain confident about the long-term growth opportunities for Vivid Electromech Ltd., supported by our established business fundamentals, expanding manufacturing capacity, and presence across key growth segments.

With a healthy order pipeline and established customer relationships, our immediate priority remains the timely execution of orders, securing repeat business, and expanding our customer base. The completion of Phase 1 of our Ambernath manufacturing facility marks an important milestone in our growth journey. Our focus will now be on progressively scaling production, improving manufacturing efficiency, and leveraging the expanded capacity to pursue larger and more complex orders.

I would like to thank all our shareholders, investors, and other stakeholders for their continued trust and support. With that, we would now be happy to take your questions. Thank you.

Operator: Thank you very much. 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 Nishita from Sapphire Capital. Please go ahead.

Nishita – Sapphire Capital: Hello?

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Operator: Yes, we can hear you.

Nishita – Sapphire Capital: My first question was on the new manufacturing facility. I wanted some more detail on the facility. What is the total capex that we are spending on that facility, and in Phase 1, what sort of capacity will be commercialized? Out of the 15,000 verticals of capacity, what sort of capacity will be commercialized in Phase 1?

Sameer Athavale – CMD: I will answer this question. How much have we spent on the capex? Till now, we have spent 34 crores on the capex component.

For the Phase 1 facility, we have already received the machines from our vendors, and it is under installation. What we have done is divided the complete factory into Phase 1 and Phase 2. The complete PEB structure, the shed, and everything else is being constructed at one go. However, we are starting operations on the ground floor as of now.

We hope that by next month-end, the machines will have started operating. From November-end, the first dispatches will start happening from the new facility. Phase 1 will take our additional capacity to roughly 5,000, and subsequently it will reach total 100% utilization with Phase 2.

Nishita – Sapphire Capital: In Phase 1, out of the 15,000, can we expect 5,000 of capacity to be commercialized and utilized?

Sameer Athavale – CMD: Yes, correct. Phase 1 and Phase 2 are running in parallel. If you are talking about Phase 1, that will be completed by this month-end. Phase 2, without the office block and the experience center, is supposed to be completed by December-end. It is not something that is split into too many phases or very different timelines.

Nishita – Sapphire Capital: Understood. When can we expect the ramp-up of the 15,000 capacity, and how quickly can we expect it?

Sameer Athavale – CMD: [pause] Utilization is spread over time. If you are talking about complete 100% utilization, we are talking about at least a year to a year and a half to completely utilize the 100% capacity.

Nishita – Sapphire Capital: Understood. At peak, what

Operator: Nishita, I request you to rejoin the queue, please, as we have participants waiting for their turn. Thank you.

Nishita – Sapphire Capital: Okay, sure. Thank you, sir.

Operator: Thank you. Ladies and gentlemen, kindly restrict your questions to two at a time, please. We will take our next question from the line of Mithil Doshi from Share India Institutional Desk. Please go ahead.

Mithil Doshi – Share India Institutional Desk: Hello?

Operator: Yes, please go ahead.

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Mithil Doshi – Share India Institutional Desk: Can you explain the receivable numbers and why the current numbers are very high? It seems that the company has not received any cash in H1.

Sameer Athavale – CMD: Yes, sir, we have received cash. In fact, on March 31, our outstanding was 100 and 116 crores. After that, we dispatched 91 crores plus GST. That comes to roughly 110, 124 crores. Now our receivables as of September are again 119 crores. So, 116 and 119 are practically the same. We have recovered that 1.2, 120 crores in the last 6 months.

Mithil Doshi – Share India Institutional Desk: I have one more question, and then I will ask the remaining questions later. As your export share is also improving, what is the difference in revenue per unit and EBITDA per unit?

Sameer Athavale – CMD: We do not provide segment bifurcation. Export orders are basically only supply orders, and they are LC-backed orders. It is an aggressive market. We have better cash flow in the export market, as well as better margins, which are comparable to our infrastructure segment in our current order books.

Mithil Doshi – Share India Institutional Desk: So, you are saying that a breakup is not possible? Revenue per

Sameer Athavale – CMD: No, we have not yet started that. We have started implementing manufacturing-facility-wise breakups from this quarter, and segment-wise breakup will start a couple of quarters down the line.

Mithil Doshi – Share India Institutional Desk: Okay. So,

Operator: Mithil, I request you to rejoin the queue, please.

Mithil Doshi – Share India Institutional Desk: Sure.

Operator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta – Bamboo Capital: Thank you for the opportunity. Am I audible?

Operator: Please use handset mode; the audio is not very clear.

Ankit Gupta – Bamboo Capital: Is it better now?

Operator: Yes, please go ahead.

Ankit Gupta – Bamboo Capital: Thanks for the opportunity, sir, and congratulations on a good set of numbers.

On the order book side, we have seen a significant increase in orders on a half-yearly basis. Given the traction that we are seeing on the local India data center side, I still feel that the order inflow could have been better. Is it because our capacities are still coming in and we are constraining ourselves from taking new orders? Once the new capacity is online, by the end of November, should order inflow accelerate significantly?

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Sameer Athavale – CMD: This is a personal decision that the management has taken. There are two factors involved.

There are orders that we are not getting into, or rather, we are not interested in getting into the data center segment where the complete solution is involved, such as supplying transformers on a skid solution. You might have seen other players in India taking those orders with 1-year and 2-year delivery timelines. Because of the price volatility in this market, we are not comfortable with that.

Second, the orders that we are supplying are basically SITC of low-voltage panels and PDUs. In this particular segment, final deliveries do not exceed 6 months. If I take any order right now, and I am not taking skid orders, I will have a horizon of 6 months.

As of now, executing the order book that we have is my priority. Maybe from January onwards, we will start booking orders for the next 2 or 3 quarters.

Ankit Gupta – Bamboo Capital: Understood. On the receivable side, I think for the data center orders, we have 10% retention money with our customers for 1 or 2 years. I think you were talking about giving bank guarantees in lieu of this 10% retention money that customers retain from us. What is the progress on that?

Once we scale up from last year's 200 crores to whatever we are targeting, with significant 30-40% growth over a year or two, a lot of our money might get stuck in receivables. We were working on that plan of giving bank guarantees in lieu of 10% retention money. What is the progress on that, and what other steps are we taking to improve our receivables?

Sameer Athavale – CMD: We have become very conscious about our receivables, and you will see a drastic improvement in those numbers in the coming balance sheet.

First, we bank with ICICI and Kotak. We have applied for and already received enhanced limits for non-fund-based facilities for issuing performance bank guarantees. We have already started processing bank guarantees, so that will also start coming into our pipeline.

Second, although this is only 10%, the balance 20% is also milestone-based in the data center field. After commissioning, another 10% is released, and after IST, which is the final integrated test in front of the end user, the remaining 10% is released.

However, looking at the delays after we supply, even after 3 months or 6 months, data center companies are not able to complete their final commissioning because of other site-related factors. Therefore, in the new negotiations we are having for the current orders we have received, we are also pushing for better payment terms.

For example, in the order that we uploaded 2 or 3 days ago for a Chennai data center, we have started negotiating for better payment terms, with payment terms completely backed by an LC up to 90%. This is a conscious decision we have taken. We may have to sacrifice, say, 0.25% margin on that, but the cash flow will be at least 2 to 3 times faster than in a regular data center project.

Ankit Gupta – Bamboo Capital: Got it, sir. I have more questions, so I will come back in the queue.

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Operator: Thank you. The next question is from the line of Nirvana Laha from Baynard Holdings. Please go ahead.

Nirvana Laha – Baynard Holdings: Thanks for the opportunity. My first question is on the African orders that you have won recently. Who is the counterparty here? Is it Indian EPC players such as Afcons, or are you supplying directly to African companies? You mentioned an LC, so could you tell us the LC terms, such as how soon you get paid and whether there is any advance?

Sameer Athavale – CMD: All these export orders are not on open credit; they are absolutely LC-backed.

There are direct customers also. About 50% to 60% are direct customers established in Africa. They may have a couple of procurement agents in India, but their registered offices and operations are in the East African region, like Spanomatic Solar, which I mentioned.

The remaining 30% to 40% comes from EPC contractors established in India, such as NCC, Shapoorji, and Afcons.

The minimum term is a 10% advance, which we receive in foreign exchange, in US dollars. The subsequent 90%, completing 100% payment, is given through a 60-day LC in some cases and a 90-day LC in other cases.

Nirvana Laha – Baynard Holdings: Understood. Do you see any foreign currency or currency risk? In certain cases with African customers, we have seen that they are not able to access US dollars and there are some defaults. Do you foresee anything similar?

Sameer Athavale – CMD: No. We have conducted due diligence on the banks issuing the LCs, and the players with whom we are dealing have been our customers, although at a smaller scale, for several years. We have not seen any problem of the LCs being devolved or anything similar to date.

Nirvana Laha – Baynard Holdings: Understood. We noticed that in H1, your own proprietary panels, such as V-Set, have increased significantly. This 46 crores that you reported in H1 includes PDUs and V-Set, I assume. Could you give us the breakup between PDU and V-Set for this 46 crores and the 30 crores that you reported last year? Could you also comment on why V-Set is increasing, and whether this is a conscious strategy because it has better margins?

Sameer Athavale – CMD: I will first answer the second part of your question. V-Set is our own brand, which we have had type-tested at either CPRI Bhopal, ERDA, or CPRI Bangalore. This is our product.

For this product, we are switchgear-agnostic. In other words, I can use any of the 3 OEM switchgears with which I have had it type-tested. Therefore, we have more flexibility and more negotiating power [trails off]

Sameer Athavale: When we are negotiating with the OEMs, we prefer that kind of arrangement. The PDU segment that we have comes under our design, so that is also included in the V-Set totals.

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Unfortunately, as of now, I do not have the exact breakup of V-Set into regular LT panels and PDUs on hand. However, after this call, we can provide you with that breakup. It should not be difficult to prepare.

Nirvana Laha - Baynard Holdings: The last question, if I can [cut off]

Operator: Thank you. {? Nirwana ?}, I request you to rejoin the queue, please. Thank you.

We have multiple participants in the queue, and we are also mindful of the time constraint. To accommodate as many participants as possible, I kindly request everyone to limit themselves to one question. Thank you for your cooperation and understanding.

The next question is from the line of Manoj Koolchandani from MK Capital. Please go ahead.

Manoj Koolchandani - MK Capital: Hi, Sameer.

Sameer Athavale: Hello.

Manoj Koolchandani - MK Capital: Thank you for the opportunity, and congratulations on the great set of numbers reported by you.

A common query that many people have is regarding the margin dip from H2 to H1. Is it because of fixed costs, or is it because of expenses for the new expansion that we have not capitalized? Could you elaborate on that?

Sameer Athavale: The margins are more or less similar in this H1 compared to last year's H1. They will be slightly lower than the full year taken together because our fixed costs in the current H1 are divided over Rs.91 crores of revenue, whereas the full year's revenue is taken over another 6 to 12 months. Therefore, the fixed costs get spread out, because our H2 revenue is generally double our H1 revenue. That makes it easier for us in H2.

Manoj Koolchandani - MK Capital: Can we expect H2 margins to be in line with H2 of last year?

Sameer Athavale: Yes, absolutely. Absolutely.

Manoj Koolchandani - MK Capital: Since you just mentioned that [crosstalk]

Operator: Sir, I request you to rejoin the queue, please.

Manoj Koolchandani - MK Capital: It is just the last question. You mentioned that H2 is going to be twice H1, and you had earlier stated that we would target approximately 300 crores this year. With the new facility delayed by nearly a month, are we on track? Am I being overly confident?

Sameer Athavale: We are absolutely on track. We had given guidance of 35% to 40% growth on a year-on-year basis, and we are very comfortably on track. The orders have already come in, and we have already started executing them. The drawings are in progress, so we have no doubt about achieving those numbers or bettering them.

Manoj Koolchandani - MK Capital: Thank you so much, Sameer. I appreciate it.

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Operator: Thank you. The next question is from the line of Ashish Soni from MM Capital. Please go ahead.

Ashish Soni – MM Capital: As you scale up, are you sufficiently funded from a working capital perspective, or will you require additional bank funding for the next 1 or 2 years?

Sameer Athavale: Looking at least 18 months ahead from the September-end numbers, we do not foresee an issue. We have another 11 crores placed in a fixed deposit, which we raised in the IPO. We can touch that only in April 2027.

Besides that, we are increasing our non-fund-based limits with the banks. The complete 10% that is getting stuck in performance bank guarantees and defect liability clauses will come in. These two factors, together with renegotiating, or rather negotiating, new orders on better payment terms, mean that at least for the next 18 months we are not anticipating any cash flow issues.

Operator: Thank you.

Sameer Athavale: To clarify, we bank with ICICI and Kotak. Before we brought out the IPO, we had a limit of about 30 crores, of which about 20 crores have been repaid. Therefore, we have available limits with them. It is just a matter of 10 days before I can utilize the limit if I have a cash flow issue.

Operator: Thank you. The next question is from the line of Pavan Punjabi from Vianch Ventures. Please go ahead.

Pavan Punjabi – Vianch Ventures: I wanted to check the margin calculation, which does not add up for me. I saw the annual report, and it says that the data center orders are approximately 10% higher than normal orders. What has essentially given us this level of margins over the last 3 years?

Sameer Athavale: Could you repeat the question? What is 10% higher—the export orders?

Pavan Punjabi – Vianch Ventures: The EBITDA margins. The EBITDA margins are generally 10% to 12% higher when you execute a data center project versus a normal project or any other project, according to what I read in the annual report. I wanted to check how the margins have evolved over the last 2 to 3 years. They have gone from approximately 9% to 21% in general.

Sameer Athavale: [off-mic discussion] How?

Okay, yes. You are talking about the previous balance sheets, not this balance sheet. You are talking about the previous ones.

Pavan Punjabi – Vianch Ventures: Yes, I am talking entirely about the previous balance sheets.

Sameer Athavale: If you look at the data we have started publishing regarding the per-project cost and the per-project ticket size, they have improved drastically over the last 3 years.

Three to 4 years ago, we were primarily in the residential and commercial market, where there was cutthroat competition, bad debts, and all those factors together. We have slowly and steadily exited that market, except for a few niche clients that we have retained.

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Now we have transferred our complete focus to infrastructure and data centers. In both these segments, the project values are higher. Secondly, the engineering cost is lower because it is floor-based. For a data center, you have to design one floor and then cut, copy, and paste it across all the floors, whether there are 8 floors or 9 floors. Therefore, our engineering cost has gone down. That is one factor.

Second, since the order sizes have become larger, we are in a better position to negotiate with our vendors. We are receiving bulk discounts. Because of the large projects, we are in the number-one or number-two position as an ABB system integrator, so we are in a better position to negotiate our raw material purchases from them. All of this has had a net effect on the increase in margins over the last 1 to 1.5 years.

Pavan Punjabi – Vianch Ventures: Is it safe to assume that this is the new margin floor, or should we expect higher margins?

Sameer Athavale: This is like a floor limit for us right now. We have set a benchmark for these margins. While taking and negotiating orders, we are very mindful of these margins. We want to maintain this healthy margin.

Pavan Punjabi – Vianch Ventures: Understood. Thank you. That is all.

Operator: Thank you. The next question is from the line of Amitabh Vatsya from Sadhan Ventures LLP. Please go ahead.

Amitabh Vatsya – Sadhan Ventures LLP: I hope I am audible.

Sameer Athavale: Yes, you are.

Amitabh Vatsya – Sadhan Ventures LLP: Thanks for the opportunity. I wanted to ask one specific question. So far, we have produced 7,000 panels, with 50% relating to data centers. When we reach the target of 22,000 panels, what will the future mix be, and what is our readiness in terms of the future industry profile? Will it change, or could you throw some light on that?

Sameer Athavale: What I can give you is a forecast looking ahead. Because of the pipelines we have, the soft announcements by the government, and the data center opportunity, we have some visibility for the next 2 years.

In this period, I do not see the infrastructure segment or the data center segment declining.

However, as a conscious product-mix decision, 50% to 60% of our revenue will always come from data centers. The balance will be a mixed bag of infrastructure, industries, and solar.

Another significant opportunity we are seeing is the number of solar plants coming up. I am referring to solar cell, ingot, and wafer plants, where we are also very well placed.

We have already secured some orders and uploaded them on the NSE. This is another major focus segment for us because the ticket sizes there are also substantial.

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Operator: Thank you. We will take the last question from the line of Sankalp Pandey, an individual investor. Please go ahead.

Sankalp Pandey: Am I audible?

Sameer Athavale: Yes, sir.

Sankalp Pandey: Yes. Sir, 65% of Vivid's FY24 revenues were derived from the sale of R2K. In percentage terms, how is the contribution of R2K expected to evolve over the next few years?

Sameer Athavale: I think I explained this earlier. R2K is an ABB-branded product that we manufacture. Initially, in the complete data center segment, we supplied only low-voltage panels, which go into the R2K format.

However, within the same customer base, such as STT, we supply low-voltage panels as well as PDUs. A PDU is not an R2K product; it is our product.

This year, I would say that compared with last year, our R2K contribution has come down, but it is being replaced by our own design products, which we are very proud of. We will continue to use R2K, but it has come down to a certain level, and that level will be maintained.

Sankalp Pandey: Understood. Do our own design products yield better margins than the OEM products?

Sameer Athavale: Yes, definitely. What happens is that in our own products, I can use any of the top 3 or 4 switchgear brands, such as ABB, Siemens, Schneider, and others. In an R2K product, I am compelled to use only ABB products. Therefore, the negotiating power and margins increase in our own products.

Sankalp Pandey: We sell two kinds of panels: OEM panels and our own panels. When we sell these OEM panels, do we have to pay some sort of license fee, or do we have some sort of profit-sharing arrangement with these OEMs?

Sameer Athavale: Initially, when we purchased the license, there was a substantial fee. Currently, I am not sure about the license fee for R2K, but we purchased it for about 40-50 lakhs around 10 years ago, or 7-8 years ago.

There is a license fee, but there is also a small royalty fee. In a year, we pay hardly around 7 to 10 lakhs as a royalty fee to ABB, which is not a very small amount.

Sankalp Pandey: Thank you, sir.

Operator: Thank you. I now hand the conference over to Mr. Sameer Athavale for closing comments. Over to you, sir.

Sameer Athavale: Thank you, everyone, for your active participation and insightful questions. We hope we have been able to address your queries and provide a better understanding of our business performance, strategic initiatives, and growth outlook. For any further questions or clarification, please feel free to reach out to Akhilesh and the team at Stellar IR Advisors, who will be

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happy to assist you.

On behalf of the entire Vivid Electromech Ltd. team, I would like to thank all our shareholders, investors, and analysts for their continued interest, trust, and support. We look forward to interacting with you again in the upcoming quarters. Thank you, and have a great day.

Operator: Thank you, members of the management team. On behalf of Vivid Electromech Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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