Management Discussion

Unidentified Participant
So, good afternoon, everyone. This is the first day of Bharat Connect Conference. I welcome you all Divine Power Energy Limited. Today from the management, we have Mr. Rajesh Giri, sir, the Managing Director of the company; and Mr. Anuj Talwar, sir, the General Manager of the company.

Before I hand over the call to the management, I will lay out the floor event. We will start with a brief and opening remarks by the management and then move on towards the Q&A round. [Operator Instructions]

Over to you, Rajesh sir.

Rajesh Giri - Chief Managing Director, Divine Power Energy Limited
Hello? [Foreign Speech]

Unidentified Participant
Yes, sir. We can clearly hear you, sir.

Rajesh Giri - Chief Managing Director, Divine Power Energy Limited
[Foreign Speech]

Unidentified Participant
Thank you very much, sir. So let me tell you a little about our company structure first of all. So Divine Power Energy Limited is the listed entity and then Vimlesh Industries is the wholly-owned subsidiary of Divine Power Energy, which we acquired back in 2025. So since then, Vimlesh, as well as Divine has grown a lot under the new management. Vimlesh has experienced a multifold growth increase.

And so, let's jump into the products and the details of what exactly do we manufacture. So can you please move on to the next slide. So this is the journey with [Indecipherable]. And as you can see, this is the journey which we have achieved so far and moving ahead, we expect to continue with this growth journey and please switch to the next slide.

So this is the overview of the management which we have at Divine Power Energy. So, Rajesh Giri sir our Managing Director and along with Mr. Vikas Talwar sir, who is also the Director and a Promoter at Divine Power Energy and then there's me, Anuj Talwar, and I'm the Director at Vimlesh Industries. I am looking after the operations at Vimlesh, and Mr. Sujeet Kumar Saxenaji is our CFO of the whole Group. And then Mr. Skand Kumarji is the GM at Vimlesh and he's looking after the plant operations alongside myself.

And can you please move on to the next slide? So let us jump into the products which we manufacture. So at Divine and Vimlesh, so I'm going to refer it as Divine Group. We manufacture a broader -- all the products under the broader umbrella of winding wires. So winding wires are of multiple types. First of all, there is a bare conductor, which means that it has no insulation on it. It is just a bare wire or strip of copper and aluminum. So we are into two metals, copper and aluminum. So all the products which I'm going to mention, we make both of these metals and all these products.

So to begin with, we have copper and aluminium round wires and flat wires as well, which are referred to as strips and we sell the bare conductors to invert industries and various other industries, which require the bare conductors and then we have the criteria -- category of insulated conductors. So insulated conductors are of various types. So there is paper insulation, which is the

most basic level of insulation, which is majorly used in transformers and like the lower distribution level transformers generally newspaper installations and that has the lowest temperature class.

So what is the purpose of a winding wire? The purpose of a winding wire is to conduct electricity and sustain the current without short circuiting along with the temperature. So these are the two major criterias. So for that you need to change the category and the type of insulation to increase or decrease as per your requirements in any application, be it transformers, be it your automobile, motors, whatever the application is. This is the -- like purpose of our products. And paper insulated conductors are the lowest category in terms of temperature glass. And then the other categories go higher and higher as you go and so does the cost and value addition.

So next to paper insulation, we have fiberglass insulation. So what happens in fiberglass insulation, instead of just wrapping a paper around the conductor, we wrap a fiberglass thread along the conductor and then it is dipped into varnish, which is specialized for this application and then it is baked to bond along with the conductor. So that creates an insulation on the conductor and it provides much better insulation and temperature resistance as compared to paper. And then there is enamel. So the enameled conductors are the next category. So -- sorry, I missed. The fiber conductors are majorly used in either dry-type transformers or lifting magnets, the magnets which are used to like lift metal scraps or containers or things like that alongside reactors and various other products wherever there is -- there is no oil dipping required when you go towards the fiberglass insulation. That is why it is beneficial.

And then when it comes to enamel, so enamel in itself has a very wide variety of classes. So as a -- as Divine Group focuses more on strips than wires. So that is where we draw the like bifurcation from our competitors. There are lots and lots of players who are making round enamel insulated conductors. But when it comes to flat insulated conductors, be it copper or be it aluminum. So that is where it gets challenging to maintain the quality and the consistency of insulation. So that is where we excel in. We have all the online testing equipments and we are also importing technologies from China to help us like integrate the online detection of defects in the enamling process itself. So that will be using AI and there will be cameras monitoring the wire consistently so that we get a 100% foolproof wire which our customers can use like without any hesitation so that is the thing with enamel.

And when it comes to our specialized products, so we also have some specialized products like the aluminum foils. So aluminum foil in the broader sense is manufactured by a lot of players and you might think that there is nothing much special about that. But what we are doing is, we are not like casting the whole big -- like a wider foil and then slitting it. We are not doing that. Rather what we are doing is, we -- as per the customers' requirement, we are casting the small foil directly using the confirmed technology so that helps us achieve complete round edges like there is no slitting, there is no burr, there is no camber in it because it is being cast like that and the edges are completely rounded like there is no like edge to it and that makes it like far more superior in terms of quality for our end customers. And we make the inverter grade spoil specifically because due to the limitation of the confirmed technology, we are only able to manufacture up to 33mm of it and up to 0.6mm thickness. So 0.6mm thickness cannot technically be achieved using confirm, but we have developed this technology in-house, and along with a couple other modifications. So that allows us to produce this product and it gives us an edge over all our competitors.

And we sell this material to the likes of Luminous and like all the big inverter manufacturers. So apart from that, we are also manufacturing Kapton and Nomex and Mica insulated conductors. So Kapton

conductors are basically used in traction transformers and railway loco transformers in all. So that is a category of conductor, which is also used in the higher-rated motors as well. So Kapton has the highest temperature class and it can withstand up to 240 -- around 240 degrees, if I'm not wrong, of temperature and perform perfectly fine at 240 degrees. So that is the benefit you get in Kapton. So that is used specifically in the product -- in the applications wherein there is constant usage of the transformer like the railway engines, you cannot like allow an engine to fail. So that is why these categories of products are used in not just any normal conductor. So these are some of the products we are manufacturing.

And I'm skipping over CTC right now. I'll get back to it in the specific segment, which we have for CTC in the upcoming presentation because that is what we are setting into next. So can you please reel back? Let's just go over the industries as well. So our industries are not just the transformers, but we are into various other sectors as well. So there is a -- you can say there's a hedge between industries as well. We are supplying to transformer industry, we are supplying to railways, we are supplying to the automobile industry, the inverter industry. And so, that gives us like even if one of the industries is not performing that well then it is -- we can get the demand from some other industry rather than the one which is not performing well. So it maintains a consistency in our production.

So can you please move ahead? Thank you. So as we just discussed about the products, so these are just the bifurcations which we have in Divine and Vimlesh. So I think I've already explained it through.

So can we move on? Can you please skip to the next slide? Yeah, the next one. As I was explaining about the inverter-grade foils, you can see that this is a complete -- if you want to read into the details, you can revisit this slide.

And can you please move to next slide? So this is the bifurcation which we have for our products right now. So in terms of revenue, copper, obviously, holds like most of the piece of the revenue because the value of copper is much more than aluminum. But when it comes to tonnage, then aluminum is also comparable to copper. I would say there is a 60-40 split or somewhere around that figure. So -- and I was saying, we focus more on the flat wires because that is the segment which gives us more value and the round-wise we are doing this to complete the basket and our customers don't have to go anywhere else.

So can you please switch to the next slide? So this is the list of our customers. So you can see we are supplying to Tata Power, we are supplying to Luminous, we are supplying to Hitachi, Panasonic, Schneider, Quality Power, Minda and we are also exporting. And recently, actually we also onboarded KEI with us and these are some of our SEM clients and we are also exporting a small portion of our production to Malaysia, and as you can see, there are some of the companies like SUCCES Malaysia and LTL Holdings Sri Lanka, we are supplying to them and we intend to enhance our exports in the Middle East region. And recently for that, we also put up an exhibition in Middle East Electricity 2026. So we got a great response from there. Let's see what percentage of it turns out into leads or sorry into the leads turn out into business.

So can we move on to the next slide? So we have already gone through with what exactly was manufacturing. So let's move ahead. Yes. So as I put a pin on CTC, let's now jump into CTC. So all these products, which I have mentioned, we are already manufacturing them. But when it comes to CTC, it is the next-generation of conductors, I would say, because see, when it comes to a conductor, there are two types of currents, AC and DC. So if you might know a little about AC

current. AC current likes to travel on the surface of the conductor much more than the center. So the core is less efficient than the surface. So that wastes weight, but copper and aluminum is all measured in weight, like the value is measured in weight. So it is not directly proportional to the current carrying capacity. That creates a challenge for the bigger power equipments like the power transformers and the higher-rated transformers that creates a challenge for them.

So to overcome that challenge like the weight to current carrying capacity, what we've done is instead of one big conductor, as you can see in the picture, we split that big conductor into small strips and those strips are individually insulated, hence increasing the surface area and then they are bunched together in a very controlled and systematic way so that they can easily wrap around your winding like the core of the transformer as well. So that is the technology which we are importing from China and some of the machines have already been received and that other machines are on the way and like being dispatched from China. We are under a technical collaboration with the third largest Chinese manufacturer of CTC, not just the CTC machines, they manufacture the product itself and they are exporting to India as well as they are exporting to other countries as well. So we have a technical collaboration with them. And so, that they will hand hold us throughout the setting up phase and they will help us in achieving production quality. So that is the technical agreement, which we have with them and we are expected to like put up the capacities and start the production by December, it is expected to start in December. Obviously, that is subject to realization.

And so, CTC, say, [Foreign Speech], it helps you reduce the weight of copper which you will need in your equipment. So weight [Foreign Speech]. So that directly adds value to our customer and their customer as well, because the same transformer you can get for lesser amount of copper. So that's a -- and increases the reliability and decreases the size of the equipment. And it is currently being used in railways as well and some of our customers are already buying this conductor from elsewhere and we have lots of interest from all these customers. So that is something about CTC. And currently we are setting up two separate lines of CTC and we are expected to enhance them further as per the performance of the current like plant.

So can we move on to the next slide? So as I already explained the -- our target customers for CTC will be the power transformer manufacturers in the loco transformer manufacturers, and about the technical agreement and all. And yes, they are also providing the testing equipment, which they have developed in-house. So that is something which you cannot get in the markets because that is their in-house technology. So that is a major benefit which we'll be getting. And the quality constraints on CTC is such that our customers have to provide warranties of, let's say, up to 20, 25 years. So they have to ensure that level of quality from us. So that creates a very strong entry barrier for new entrants into the market, but we are already supplying to those very customers.

So we are supplying half of the winding wire already, which is the -- like when it comes to a transformer which is using CTC, one of the LTHD is CTC and the other is your normal conductor, which we are already manufacturing and supply. So we are already supplying half of that. It is just the other half which we need to capture and that creates a great entry barrier for other entrants. And there is a great export demand as well because, not just in India, but all over the world there is a power increasing demand for power and energy. So that puts us in a very sweet spot and India is a growing exports market as well and many European countries and Middle Eastern countries are importing CTC products from India already, so that is also a great opportunity for us.

So can you please skip to the next slide? So we currently have two manufacturing facilities, one is

the Divine Power Energy plant which is located in Sahibabad in Ghaziabad, and which focuses on. So the bifurcation between these two plants Divine Power Energy, the Sahibabad plant focuses more on recycled material in terms of copper. Aluminum is all primary in both the locations and Divine plant in Sahibabad focuses more towards the recycled part and whereas Vimlesh is known for its -- like primary product usage and like using the top most quality raw materials irrespective of the customers and we have all the OEM customers in Vimlesh like the larger OEMs like Schneider, Panasonic, Hitachi, so that is a level of manufacturing which we have in Vimlesh.

So can you please switch to the next slide? So these are some of the details about our plant. Let's move on to the next one. And this is about the Vimlesh, Sonipat plant, and you can see the area is much larger and that is why we are setting up the CTC manufacturing facility here as well because the customers are already in Vimlesh.

So let's switch to the next slide. So we do not treat the conductors just as a normal product like it is not a commodity. Copper and aluminum might be a commodity but what we are doing is not a commodity. It is more towards the engineered side because we don't just -- like we don't just sell the copper or we don't just sell the aluminum. We sell the final winding wire, which is going to impact the performance and the cost of your whole appliance altogether, be it a transformer, be it a reactor, be it anything which our products are using. So, for example, if my edges are not well-rounded, so that would give more copper in the same length. So that is wastage for our customer. They would be paying more for the same product. So these are some things which we fine-tune alongside with our customers and we help them optimize their products as well using our winding wires.

So -- and the benefit we get in Divine and Vimlesh -- the Divine Power Group is that, we have all the insulation categories, like our customers don't have to go towards anybody else, they can get the whole range, the whole variety, all the sizes and all the specifications which they need, be it multiple insulations on the same conductor, we are doing everything related to winding wires. So that our customers don't have to look anywhere else. And we have a diversified customer base, as I was explaining. We are not into this the transformer industry. We are into various industries, the automotive, the railways, the inverters and whatnot. And that gives us a more diversified portfolio in terms of customer base. And alongside that, not just the customer base, we also have a demographic fabrication as well. Like we have customers in North India, we have customers in South India and like basically our products go pan-India. So even players in Maharashtra are buying our products. And even in Bangalore, there are various customers where we have lots and lots of customers all across India. So that provides us a demographic hedge as well.

And so, when it comes to our Group, so all the capacities of Divine, Vimlesh and even the proposed merger company, Viraj, they are complementary to each other. So whenever we have any sorts of breakdowns or any sorts of like scheduled maintenances, we don't have to worry about our customers facing any troubles because of that, because we can always pull in the capacities from the Group companies. So that is what provides us with an edge over our competitors as well and, obviously, the manpower which we have at all our facilities they are very well enable to like fulfill their desired roles and responsibilities and they all like the top management which we have is very well-equipped with all the knowledge and they are able to like, for example, we have manufactured the -- one of the machines for the aluminum foil are cells in house. So that is the level of capability which we have.

So, can you move ahead?

Unidentified Participant
Yes, sir. Anuj, sir, just to keep this a little brief. So like we are limited with the time. So if you can quickly give a brief about the company and the financial side as well and move on towards the Q&A, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
Sure. So this is something about the industry in general. Let me just tell you a little about in size. So as you know, the demand for EVs, the demand for energy is rising drastically lately, not just in India, but globally because of data centers consuming lots of electricity, AI coming into the picture and EV is consuming lots of power. So all this leads to higher power demand, which in turn leads to more and more requirement for the grids and grid modernization and demand for our winding wires is goes hand-in-hand with that. So that puts us in a sweet spot all across the globe.

And can we move ahead to the next slide? The next one. So I've already explained about this. Can we move ahead? All right. So these are some of our key financials, and Rajesh sir, can you please take over the financials from here? Hello?

Operator
Rajesh sir, are you able to hear us?

Rajesh Giri - Chief Managing Director, Divine Power Energy Limited
[Foreign Speech]

Anuj Talwar - General Manager, Divine Power Energy Limited
Can you take over the financials?

Rajesh Giri - Chief Managing Director, Divine Power Energy Limited
[Foreign Speech]

Unidentified Participant
Got it, sir. So shall we go move on towards the Q&A, right?

Anuj Talwar - General Manager, Divine Power Energy Limited
Yeah, sir.

Questions & Answers

Unidentified Participant
Yeah. [Operator Instructions] Sir, till the time question queue gets aligned, my question is on the -- like the questions which I have from the participants who aren't able to join the call. So question was, sir, can you please provide us some details on the order book side as of today? And what would be the split by sector and what could be the execution timeline for the order book, sir? Am I audible, sir? Hello, Anuj, sir?

Rajesh Giri - Chief Managing Director, Divine Power Energy Limited
Anuj?

Anuj Talwar - General Manager, Divine Power Energy Limited
Hello, hello.

Unidentified Participant
Yes, sir.

Anuj Talwar - General Manager, Divine Power Energy Limited
Yes. So our current order book is about -- depending about the product, it ranges from like one month to three months and the execution also varies accordingly. For example, when it comes to fiber glass insulated conductors we have a waiting for about two and a half, three months and the other -- overall if you look at it, we have an order book of about one and a half months or so.

Unidentified Participant
So what would be the fresh order in current time, sir? And how much is the single order which you have, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
I can share the details of that later. I don't have the numbers with me right now.

Unidentified Participant
Okay. And can you provide us like what is the customer concentration currently is like or like how much of the percentage of revenue comes from top five, top 10 clients and how much is the state versus like the state discom versus the private OEM, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
So when it comes to state discoms, the supply to them is negligible. We have switched from that. And the -- like we are only supplying currently to Tata Power and BSES because they are private entities, so they're not the government entities. So we are not supplying to the government much of our conductors anymore. We have pivoted towards private players more. So most of our -- maximum of our production is going towards private entities only.

And when it comes to the customer concentration, I believe that was already mentioned in the presentation, it was about the top five customers are taking like 50% of the revenue.

Unidentified Participant
Got it, sir. And on the revenue share side, like how much it comes from the export side? And what is the realistic Middle East target we are expecting, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
So when it comes to exports in terms of revenue percentage, so that would be very negligible because currently, the previous owners of Vimlesh Industries, the promoters, have not been focusing much on exports and now we have started to like reestablish the Vimlesh brand in the exports market. So as of now, the exports are almost negligible like, not even 1% of the total revenue. But we are working on that and that is why we set-up the exhibition in the Middle East as well. And I would not like to put a number on it, but we are very optimistic about it.

Unidentified Participant
Got it, sir. And how much of the INR626 crores of our FY '26 revenue is run rate versus one-off, like if you can give some details? Because in -- if you can -- if we see Q4 FY '26 alone amounted to around INR346 crores, more than half of the full-year. So what is the nature of the revenue recognition, sir? Like is it quarterly like -- is it like a sequential or it's a one-off, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
So you might be seeing the rise in that because of the rise in the metal pricing. So -- but otherwise it is more or less same as in the run rate for the first half and the second half, I would say, is more or less the same. Obviously, the second half performs a little better usually.

Unidentified Participant
Okay. So if we ignore the metal hike prices, so generally it remains almost closer to like similar in the first half and the second half, right?

Anuj Talwar - General Manager, Divine Power Energy Limited
Yeah. But the second half being a little better than the first half.

Unidentified Participant
Got it, sir. And what would be the current copper versus aluminum volume split against the total installed capacity of 500 ton per month of copper and 400 ton of monthly volume of aluminum, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
So the thing is that, the same machines are used to manufacture copper and aluminium when it comes to insulated conductors. So you cannot give a specific number towards the split so that is something which is technically not possible to calculate by making more of copper then I'll be able to make less of aluminium and vice versa.

Unidentified Participant
Got it, sir. That answers the question. [Operator Instructions] So till the time question queues gets aligned, I would ask another question is, what share of our revenue comes from like if we have any value-added products like fiberglass, DPC and DCC? And how -- and what would be -- is it compared to like bare conductor, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
So that was also mentioned in the presentation. Let me just reel back a little get you to the exact numbers. So when it comes to copper, the bare products are 18% and the insulated ones are 82% and when it comes to aluminium it is 26% and 74%. But you have to keep in mind in case of aluminium, foil -- aluminum foil is also in bare.

Unidentified Participant
Got it, sir. So now we will take some questions from the Q&A chat box. First question is from Akshay Darji. The question is, sir, what EBITDA margin are we expecting going forward in the next two years till FY '28, sir?

Anuj Talwar - General Manager, Divine Power Energy Limited
It will be in similar lines to the past trends.

Unidentified Participant
And second question is from Satish Shetty sir, is like thanks for the opportunity to interact and know more about your company. My question is concerning the scheduled merger with Vikram Ukram [Phonetic], what are the synergies? How does this merger contribute to the growth strategy? And what is the expected contribution to the revenue and EBITDA, is the question?

Anuj Talwar - General Manager, Divine Power Energy Limited
So let me explain a little about Viraj Upkram. We skipped over that part during the presentation. So Viraj Upkram was established by the promoters and that company -- in that company, when we were trying to acquire Vimlesh Industries, so our first two, three rounds of negotiations failed for the takeover of Vimlesh. So our -- like we shifted our focus towards setting up a new plant instead because the negotiations were unable to go through. So then we setup Viraj Ukram with all the latest technology machinearies, which even Vimlesh Industries doesn't have. So -- but then during the process of setting up those machineries and all, we realized that it would be a very time taking process. It would take us about at least five to seven years to even get to the level which Vimlesh Industries already was of. So we increased the consideration amount a little and so did the like older promoters of Vimlesh realized that if we setup a separate plant altogether, then obviously we'll take some of the market share. So they reduced some of the consideration and we were able to meet at a number.

So that puts Viraj Upkram in a very sweet spot. So Viraj Upkram has the latest technology machineries, all the like state-of-the-art machineries which even Vimlesh Industries doesn't have so far and that provides it the edge in terms of manufacturing costs and quality, and that is why -- but now that Vimlesh Industries is also part of the Group, so it doesn't make sense to have a separate company doing the same business. That is why we are merging it with the Divine Group.

Unidentified Participant
Got it, sir. That answers. I hope that answers the participant's question. [Operator Instructions] So as there is no further questions from the participants and also from the chat box, I think we can conclude this call here. So I would like to thank the management on behalf of Arihant Capital for sparing time and sharing insights about the company. If the participants have any further doubt or questions, they can get in touch with the team at Arihant Capital, and also with the team at Divine Power Energy Limited.

Over to you, sir, any closing remarks from your side.

Anuj Talwar - General Manager, Divine Power Energy Limited
Thank you very much, everyone, for joining us today and giving us your valuable time in hearing about our company. So thank you very much. I would like to thank Arihant Capital as well for giving us the stage to address and interact with all of you. Thank you.

Unidentified Participant
Got it, sir. Thank you very much, sir.

Anuj Talwar - General Manager, Divine Power Energy Limited
Thank you.