Standard Engineering
Customer Inspired Excellence

Date: August 10, 2026

To,

Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G,
Bandra - Kurla Complex, Bandra (East)
Mumbai - 400 051

SCRIP CODE: 544333

SYMBOL: SETL

Dear Sir/Madam,

Sub: Transcript of the quarter ended June 30, 2026, Results Conference Call hosted on August 06, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with reference to our results conference call intimation dated August 03, 2026, please be informed that the results conference call for the quarter ended June 30, 2026 was hosted on August 06, 2026 and the transcript of the conference call is enclosed herewith.

You are requested to kindly take the above information on record.

Thanking you,

Yours faithfully,

For STANDARD ENGINEERING TECHNOLOGY LIMITED
(Formerly known as Standard Glass Lining Technology Limited)

KALLAM HIMA PRIYA
Digitally signed by KALLAM HIMA PRIYA
Date: 2026.08.10 20:34:04 +05'30'

Kallam Hima Priya
Company Secretary & Compliance Officer

Standard Engineering Technology Limited

Encl: A/a

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"Standard Engineering Technology Limited
Q1 FY27 Earnings Conference Call"
August 06, 2026

MANAGEMENT: **MR. NAGESWARA KANDULA – MANAGING DIRECTOR – STANDARD ENGINEERING TECHNOLOGY LIMITED**
MR. RAMAKRISHNA KANDULA – EXECUTIVE DIRECTOR -STANDARD ENGINEERING TECHNOLOGY LIMITED
MR. VENKATA MOHANA RAO KATRAGADDA- EXECUTIVE DIRECTOR STANDARD ENGINEERING TECHNOLOGY LIMITED
MR. YASUYUKI IKEDA – EXECUTIVE DIRECTOR – STANDARD ENGINEERING TECHNOLOGY LIMITED
MR. BRAHMA REDDY – MANAGING DIRECTOR – GSCALE ENERGY PRIVATE LIMITED
MR. ANJANEYULU PATHURI – CHIEF FINANCIAL OFFICER – STANDARD ENGINEERING TECHNOLOGY LIMITED

MODERATOR: **MR. ASHISH PODDAR – MOTILAL OSWAL**

Moderator: Ladies and gentlemen, good day and welcome to the Standard Engineering Technology Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask the questions after the opening remarks from Mr. Nageswara concludes. Should you need any assistance during the conference call, please use the hand-raise function. Please note that this conference is being recorded.

I now hand over the conference call to Mr. Ashish Poddar from Motilal Oswal. Thank you and over to you, Ashish.

Ashish Poddar: Yes, thank you, Avish. Good evening everyone and welcome to Q1 FY27 Earnings Conference Call of Standard Engineering Technology Limited. We have on the call Mr. Nageswara Kandula, the Managing Director, and he is joined by his esteemed senior management team.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in the conjunction with the risks that the company faces.

I will now request MD sir to please take us through the financials and the business update, subsequent to which we will open the floor for the question-and-answer. Thank you and over to you, sir.

Nageswara Kandula: Thank you, Ashish. Good evening everyone. Thank you for joining us today. A warm welcome to all our shareholders, investors, analysts, banking partners, customers, and every member of the Standard Engineering Technology family. This has been another record quarter for us, and I want to say this clearly, this is not a one-time achievement. Every quarter, we are setting a new number. That is the standard we have set for ourselves and that is the standard we intend to keep.

This quarter, we took two big steps that will shape our future for many years. First, we became India's high-precision engineering powerhouse. Our core business, pharma and chemical engineering, grew strongly this quarter. But we did not stop there. We also entered a completely new market AI data centers infrastructure.

We are acquiring up to 51% stake in GScale Energy. Every AI data center needs power systems, cooling, and strong engineering, and that is exactly what we are good at. We are building this infrastructure very fast.

Our teams are already onboarded, machines ordered, designs are ready, and our large manufacturing facility is coming up in schedule. This response from data center clients has been very encouraging. Clients are showing strong interest and this gives us full confidence on this business.

Second, we depend on our partnership with GL Hakko, Japan. We have worked with GL Hakko for almost 10 years. Now we have invested approximately INR71 crores for the approximately 19% stake, with the right to grow this up to 51% in the next two to three years.

This gives us access to 70 years of Japanese glass-lining technology and new products, including conductivity glass technology and semiconductor grade equipment. This will strengthen our products and open new global markets. Our growth story is two engines.

Now let me explain our simple growth story. We run on two engines. Our first engine is our core engineering business. This is already strong and proven. It is expected to grow 40% to 50% this year, reaching around INR1200 crores revenue.

Our second engine is GScale, our new AI data center business. This is expected to bring in around INR250 crores in this year. Two engines, one company, running at double speed. This is SETL today. Our numbers this quarter, total income INR250 crores, 41% year-on-year growth. EBITDA is INR44 crores, 27% year-on-year growth.

Profit before tax INR36 crores, 26% year-on-year growth. And profit after tax INR26 crores, up to 26% year-on-year growth. EBITDA margins 17.5%. We achieved this growth while also investing on our new business for the future. That shows the strength of our core operations.

Our priorities going forward. One, keep leading in our core engineering business with better technology and stronger customer relationship, two, build GScale into a world-class AI data center manufacturing platform as fast as we can.

Three, grow the GL Hakko partnership, bring new technology in India, and expand into a global market. Our goal is simple and clear, to become India's leading high-precision engineering company with two strong engines driving us forward quarter-after-quarter, record-after-record.

Before I close, I want to thank our customers, employees, shareholders, banking partners, and technology partners for their continued trust. This quarter's results are the results of the hard work of our entire team and the confidence all of you on us. We remain committed to working with discipline, investing wisely, and creating long-term value for every shareholder. Thank you for your continued trust and support.

With that, I am happy to take your questions. Thank you.

Moderator: Thank you, Mr. Nagesh. We now open the floor for question-and-answers. The first question is from Mr. Raman KV. Raman KV, request you to please unmute yourself and ask the question.

Raman KV: Hello, sir. Can you hear me?

Nageswara Kandula: Yes.

Raman KV: Yes, sir. I have some questions. One, starting with the GScale business, can you elaborate what kind of business we will be doing in terms of, like, data center-wise? What are we planning to do under this segment and what kind of margins can we expect? And also, a bit further on to this question is with respect to, have there been any order inquiry and when can we expect this to be converted into revenue?

Nageswara Kandula: Thank you for the question. Along with me, Mr. Brahma Reddy is there, GScale Energy Managing Director. He is the right person to answer this question.

Brahma Reddy: Hi, Mr. Raman. Thanks for the question. Yes, see, GScale is all about gigawatt scale. Today, the overall data center market is seeing surge in capacity. Now, by 2030, India data center market is seen as almost a 6x growth from today's 1.8 gigawatt. It is expected to grow up to 10.5 gigawatt.

So, part of that we have seen significant challenge with the supply chain of the product manufacturing and supply chain including data center expertise to deliver. These are the major two caveats in the data center market has triggered us to enable this product. So, that's where the market potential for data center products that include power products, cooling products, and modular systems and a design and turnkey design and build solution.

That's where the larger potential, the market size is multi-fold. That's where the company's positioned. As far as the market access and the customers in the market, so we have very active inquiries. We are working very closely with the five data center customers, three of them global MNCs and two of them India-based data center companies.

And we got inquiries and a few of them in very advanced stage of LOIs and a few of them is about to convert them into an order. So, as Mr. Nageswara referred, so by end of this year, we are aiming to get INR250 crores worth of revenue booking.

Raman KV: So, just a clarification. You are saying you will get INR250 crores of revenue or revenue booking, like order booking?

Brahma Reddy: Revenue.

Raman KV: Understood, sir. And my second question is with respect to the recent acquisition of GL Hakko. Can you be specific with respect to what kind of product we will be delivering under this business and how is that product different from what we are doing in the standard glass engineering?

Nageswara Kandula: Thank you. And GL Hakko, last 10 years we are working with GL Hakko. Partially, and last three years we are majorly working with GL Hakko. Particularly conductivity glass and we launched in India and semiconductor related glass lining reactors we are going to manufacture. This already we got one big order, not inquiry, big order from one of top client in India.

And also, they have unique product many times, many platforms I mentioned about the glass lining heat exchanger. That is we have already license we have, 20 years license with GL Hakko. And same time, GL Hakko is handling the pilot plant to plant product.

And AJA Group is the only they are operating labs and R&D. That's the reason GL Hakko we acquired that is going to fit into SETL basket. And shell and tube glass lining heat exchangers already we started manufacturing. And, majority, future also 80% product we are going to manufacture in Japan and we are bringing to India after 20% we will manufacture we started selling.

Almost every client is accepted many, many top pharma companies looking for this product because of due to graphite heat exchanger particle issues. This is one of the excitement product and market TAM also, India have INR2000 crores globally USD2 billion. And maybe export '28 financial we are going to start export in shell and tube glass lining heat exchanger.

Same time, conductivity glass also Europe and U.S. markets we are going to launch. We have big wave plans. That's the reason GL Hakko we acquired. First phase 19.9% stake and coming two to three years we are going to acquire another 32%. Our target is currently GL Hakko revenue INR200 crores revenue is there.

Our target next coming two to three years we are going to support them, our product basket and fabrication facilities going to support Japanese reactor sale and then our target is INR200 crores become a INR400 crores revenue GL Hakko we are targeting. Once that revenue they reach, we are going to acquire another 32%.

Along with me, Mr. Yasuyuki Ikeda with me and is our Executive Director, global operations. Yasuhiko, you do want to add anything for that?

Yasuyuki Ikeda: Thank you, Nagesh. Yes, so now India, the semiconductor market is growing in India and in semiconductor industry, the customers require high purity chemicals, electronic grade chemicals. And using a normal glass lining glass, because of the leaching level, we won't be able to meet the customers' required high pure chemicals, the impurity level.

So GL Hakko owns a low leaching, high corrosion resistant glass. So the plan is GL Hakko provides the glass from Japan to Standard Engineering and Standard Engineering does the assembling in India so that the Indian customer can get the Japanese quality at the affordable price. So I am very excited about this area too, not only about the conductive glass.

Conductive glass, as Nagesh said, this increases the safety of the customer and it's very commonly used in Japan, especially in pharma industry. So I am very excited to introduce this. Now slowly we have started installing the conductive glass lining reactor from SETL. Thank you.

Raman KV: And just a follow-up on this, what kind of margins can we expect from this semiconductor grade glass line? Is it, like, will it be standard at our consolidated margin of 16% or will it be in excess of that?

Nageswara Kandula: Slowly our margins are going to increase. Even data center area and this unique product semiconductor glass lining reactors and shell and tube glass lining one more growth engine we are adding, already added and partially we are now we are selling, maybe September onwards we are going to full-fledged we are going to sell in the shell and tube heat exchangers. Our margins going to slightly going to increase.

Raman KV: So, can you just give a ballpark figure, like how much margin expansion are you expecting from one this semiconductor?

Nageswara Kandula: We are working on that. We are, we are future we are going to indicate margins.

Raman KV: Okay, sir. And my last question is with respect to exports. Can you quantify how much revenue was from exports during the quarter and was there any impact on the exports growth because I have heard that the shipping costs have increased by almost 4x?

Nageswara Kandula: This quarter, I think 2% to 3% only export is happened due to uncertainty of the things in the global markets. See this quarter is very export point of view very less, 2% to 3%. Maybe second quarter, yes, 5% to 6% going to happen in the second quarter.

Raman KV: Okay. Thank you for answering. Thanks a lot.

Moderator: Thank you, Mr. Raman. Our next question is from the line of Mr. Viraj Mahadevia. Please unmute yourself and you may ask your question.

Viraj Mahadevia: Mr. Nageshwara. Congratulations. Couple of questions. One is, you mentioned Mr. Ikeda as well, that with GL we get this glass-line technology that we are bringing through the partnership or acquisition from Japan to India. Is there any technology barrier in making these products for other players? Is anyone else in India making these products?

Is there cheap low-cost competition in these products in the global market? If you can give us a flavor for, what stands out in terms of the uniqueness? Clearly there's Japanese technology and Indian cost of manufacturing coming together, and that's a big advantage. But how does that fare versus other alternatives out there in the market?

Nageswara Kandula: I can quantify three type of products. One is shell and tube heat exchangers. No one manufacture in India and Europe or US markets. This is launched, I think 15 years back GL Hakko in Japan, and they are not patented. They do not want to technology copies someone.

And now shell and tube heat exchanger we are going to manufacture, but we are moving to manufacture only 20% because we do not want to lose our technology, our intellectual to others. So 80% equipment shell and tube glass lining heat exchanger going to manufacture in Japan and bringing here, balance components we are going to finish and selling one product.

That is one of unique product. Earlier but suppose, we are doing B2B business whatever way we are doing, this is going to client going to get benefit. Our business going to a very strong.

Earlier, suppose one heat exchanger cost is INR30 lakhs. Now that heat exchanger we are going to sell in India almost all INR15 to INR12 to INR15 lakhs. Almost more than we are reducing price more than 50%. And that is going to a client advantage.

And also company going to grow glass lining area and also our margins also going to improve because we are changing the manufacturing cost and everything. That one is. Second thing is conductivity glass. This glass others conductivity glass manufacturing but that conductivity glass can't do spark test. Glass is intact or not, the people do not know.

But whatever GL Hakko manufacturing conductivity glass, that glass can be do spark test and corrosive resistance, all aspects that type of glass no one manufacture to in India or globe. This is this is also not patented due to technology should not be after 20 years should not be lose. That is that is one of unique product. And

Europe, one company purchasing and selling reactor, not exclusivity basis. And we are going to launch through our dealer conductivity glass lining reactors. Recent we had a lot of discussion with U.S. clients and Europe clients they're very exciting. Every reactor GL Hakko technology inside we are going to announce in Europe and US markets.

And Japanese technology, Indian manufacturing, and price and deliveries and we are going to launch in this products in Europe and U.S. markets. And third one is the low leaching high corrosive glass.

Some companies are manufacturing in Europe and U.S. glass lining companies. We but whatever way PPT level, part per trillion leaching level glass others manufacturing I am not aware of that. But recently we got one big order from one client in India.

They are going to produce LED chemical and electronic chemical. That is pilot plant we got big order. Maybe once that product pilot plant product range success, then they are going to a the main manufacturing plant.

This all three products are unique technologies GL Hakko have. That technologies we are bringing to glasses we are bringing to India and this is going to advantage to Indian clients and same time global clients.

Viraj Mahadevia: Understood. So there are no global manufacturers or competitors of this kind of lined glass exchangers?

Nageswara Kandula: No, sir. No. Till date no. Globally.

Viraj Mahadevia: Interesting. And secondly regarding the GScale acquisition, how are we building this capability to make these products? Like, how did we get the technology, the IP, the experience to actually go ahead and make these cooling solutions? How are the data center people reacting to the fact that, it's a first-time manufacturer for these products from India? Have you met their quality and all kinds of specification requirements or would they rather import these from Europe etcetera?

Nageswara Kandula: Brahma can answer this question.

Brahma Reddy: Hi. Mr. Viraj. So, it's a nice question. So, the today's Indian data center market major challenge is supply chain. Again, I am reiterating, it is not the technology availability or innovation. Now because India is growing at 6 times the current market capacity. So supply chain is the biggest problem. To address the supply chain of gigawatt scale, so we have taken a strategy of getting the partnerships with the global products.

The products that are being used by global hyper-scale customers like Amazon, Microsoft, Google, Meta, Oracle are all hyper-scale customers. Whatever products they use in Europe, U.S., or anywhere Southeast Asia, Middle East market, same product we are partnering with the all global companies like Schneider, ABB, Eaton and those kind of people.

All kind of global players. And that's where the partnership comes into the picture and we are producing those products. So that means product validation, product approval is not a question here.

Viraj Mahadevia: Understood. So just playing devil's advocate, why would Schneider or ABB or these specialist European manufacturers part with their technology when they already have local manufacturing in India and they can make it themselves and part it to another Indian player? And are you then restricted to use this technology purely for the Indian market and nowhere else?

Brahma Reddy: This is the model they are already practicing in India elsewhere as well. But the scale that they did not build so far. And what Schneider or ABB or Eaton or any company for that matter which I have referred, those guys make the product of component level, not as a system integrated solution.

The products that we are going to deliver here is the way SETL are doing for decades of their expertise, integrated solution. Bring the all the products together, integrated sell as a integrated solution. That's where we bring as GScale expertise. We bring all these components as part of the partnership and integrate inline with the hyper-scalers and AI factories' requirement and we deliver as a solution.

Viraj Mahadevia: I understand. So in that case you are not a manufacturer of these products, you are actually an assembler of a kit for the first products and then you do at the project site. Am I clear?

Nageswara Kandula: No. This all products are manufactured component. If suppose we are purchasing steel and making reactor means we are manufacturer. Like that, SFN secondary fluid network going to cooling skids and PDUs and a lot of skids. We are going to skids manufacturing, integration, and complete solution we are going to provide to data centers.

This is component, any manufacturer they want raw material. Like that, raw material we are going to buy and we are not assembly, but this is different concept and also data center what is the uniqueness I will more I elaborate and why I impressed with Brahma concept and technology.

And whenever the building start, data center constructor, we can make it in our manufacturing sites everything in a skid mounted. That is unique technology they have. Once building is ready we can install the all integration solution skids, everything cooling skids, power, everything we can install very quick fast way.

That's reason data center construction time also going to reduce and price also going to save. This is we are hoping global clients recently we explained they are very impressive. Anyhow, coming days you will understand the GScale SETL capabilities on the data center…

Brahma Reddy: Yes. So, as he rightly mentioned, it's not just the products that we source from the all global OEMs. There are certain few components that we source from them and we fabricate and we manufacture the product like PDUs or switchgear panels or secondary fluid network and all of them.

So those are all designs that we developed and product we are bringing from those OEMs and integrating together and delivering. As he rightly mentioned, the most of the products that we will be delivering in the shape of skid and in the shape of E-pods, in the shape of the DFMA, design manufacturing for assembly. Those components we will be manufacturing.

By the moment data center customer start constructing their building at footings level, let us say the civil work starts at the plinth level, where in the relevant all the components start manufacturing at our factory.

By the moment they reach to the relevant floor or the roof top of the building, the most of their data center products are already made available so we can bring them and fix them at the data center location and they can go to the market much earlier than the traditional working.

Viraj Mahadevia: Right. I guess struggling with is given that this is such a new market and we have not seen this product, it would be helpful to maybe include in your deck the kinds of products you are importing and then what your finished product after the value-add looks like, right? And I guess maybe if you can work that into it will give investors a greater flavor of your level of value-add in the manufacturing process.

Nageswara Kandula: Sure.

Viraj Mahadevia: All the best. But yes, exciting pivots. Lots of growth expected with GL Hakko in Japan as well as the data center pivot with GScale. So all the best.

Moderator: Thank you, Viraj. Our next question is from the line of Mr. Shiva. Mr. Shiva, go ahead.

Shiva: Hello, Nages sir. Hello. Sir, you mentioned that glass-lining technology that you are importing from Japan to make semiconductor-grade chemicals. So is this product manufactured in-house at the SETL Hyderabad or is it manufactured in Japan and you are just bringing the products and assembling here and selling to the customer, sir? Just I want to know that one.

Nageswara Kandula: Glass manufacturing in Japan and glass will bring India and we will fabricate the reactors here and we will spray the glass here and we will make the reactors and assemble everything. And glass going to manufactured in Japan.

Shiva: Any plans to manufacture that in-house, sir? Is that technology possible to manufacture in future, sir?

Nageswara Kandula: Future, no. Currently we do not have the any agreement technology going to transfer to India. We are also want to protect that technology in Japan secrecy. So that's reason we are going to maintain in Japan that technology.

Shiva: Thank you, Nagesh sir.

Moderator: Thank you, Shiva. Our next question is from the line of Rahul. Rahul, you may go ahead.

Rahul: Hi, sir. Can you hear me? Hello?

Nageswara Kandula: Yes.

Rahul: Yes. Sir, after, after this Q1 revenue, what is the current unexecuted order book that we have in our core business?

Nageswara Kandula: Core business we have up to INR1400 crores today. After some billing also happened second quarter also.

Rahul: Okay. And sir, regarding GScale, can you elaborate the infrastructure that we are building right now, the capacity after this the plant when which start in November, what will be the total capacity of the plant and what are the products that we are going to manufacture?

Brahma Reddy: Yes. Hi, Rahul. So, the at this moment we acquired almost all 4,00,000 square feet of factory space. Out of them 2,00,000 square feet already went in full-fledged execution. I mean including ordering of all the robotic equipment in the different countries of the world and few of the equipment already in the shipping and few of them delivered, few of them yet to dispatch.

So all of them arriving by I think mid of September and we are planning to go for operations by November. So the first phase of the product lines in the factory and the next phase is coming up and we also adding additional the capacity factory 3 and 4 also coming up, over next few quarters we'll be adding that capacity.

Rahul: And the products that we are going to manufacture or we are going to supply to data center business?

Brahma Reddy: Yes. Power products and cooling products and the more of prefabricated and skid-mounted technology which will significantly reduce project timelines of all the data centers, brings lot of energy efficiency into it.

Rahul: Sir, one more question. I somewhere I have read in presentation that you are you as a company are going to propose complete solution to the data center companies. So does it mean that you are planning to take complete turnkey project from them and then commission the project for them, complete data center? Because the cost of each one gigawatt data center seems to be very high. So what percentage of that can we cater?

Brahma Reddy: You are exactly right. So the overall business objective of GScale Energy Private Limited is the turnkey and design and build solutions. So that includes products what we manufacture and we were talking about repeatedly integrated solution. So integrated solution goes through the design and build requirement for the data centers.

That's where we are actively working with the five customers on design and build projects where we design the complete data center and we take up the complete contracting along with by supplying our products and also our prefabricated skids and our DFMA solutions. So that's where we are going to bring lot of value proposition to the customer.

Nageswara Kandula: Our objective actually whatever SETL is now today 80% equipment manufacturer for pharma and chemical and we are executing also project. Same way, GScale is going to a manufacture 60%-70% equipment in house balance are going to source and we going to take turnkey projects. One is GScale model also same, whatever way SETL way residential pharma chemical process industries. GScale going to handle data center business, independent equipment also they will supply to data centers, other clients, competitors everybody.

And same time, if client wants solutions because they are giving bit and piece to supplier project is going on 3 years, 4 years. Now we are targeting 18 to 20 months we are going to finish data center that we are going to timeline fixing and customer also going to comfort, because how we are going to create that much strength we are going to manufacture inhouse equipment. Everything under our control. So that we are going to offer this is unique company offering this solutions.

Brahma Reddy: This is first of its kind in India having product manufacturing inhouse, total integration capability inhouse and designing the date center and installing their, integrated all together with our own products and delivering. For customers it has become one-stop solution. So far Indian data center customers are greatly struggling these kind of rally proposition.

That is where we see though we are still establishing the factory and everything the inquiries are coming every day. And we are quite actively engaged with the customers and they are showing a lot of eagerness to come through this.

Rahul: So sir, your initial focus is Indian market, right? Or you are parallelly exploring other markets?

Brahma Reddy: Initial focus is definitely on India and we are already establishing teams to focus on Middle East and South East Asia. So soon after we establish rightly here, we start exporting to these regions.

Rahul: And sir, for our core business, we historically have been growing 35%-40% year-on-year. Can we assume the similar growth for next couple of years also in our pharma chemical space?

Nageswara Kandula: Yes. Today you see, this is also one of the exact midpoint. Any pharma company you can consider, their gross black cost is their revenue saved. Any pharma company wants to grow, they must invest capital. So today almost INR1000 crores market cap is there and we are doing only 1%. That is a very, sky is not a limit. In the coming years, we have very bright visibility.

Rahul: Okay. And sir, last question. For GScale, we are suggesting INR250 crores revenue for 4 months. So for next year, can we extrapolate that into 3 as minimum revenue guidance for FY28?

Brahma Reddy: We will guide soon.

Rahul: Thank you. Best of luck sir.

Moderator: Thank you, Rahul Potari. Next question is from Mr. Rahul Maheshwari. Please go ahead.

Rahul Maheshwari: Hello? Am I audible?

Brahma Reddy: Yes, please.

Rahul Maheshwari: So a couple of questions. First of all, thanks for the time and insights and congratulations on good execution. First thing, as you mentioned that once you get the capabilities, you would be looking at the other vectors also like heavy engineering, nuclear. So are that aspects on or it is a distant journey? Currently, many things are on the pallet, so you do not want to focus on that?

Nageswara Kandula: SCTL name also, why we changed the name is engineering company. Wherever engineering opportunities are there, we are interested to enter. That is also good business and low competition area, we are looking for the opportunities. Not heavy engineering or not a semiconductor area. That is also we are not going to manage it. We are going to provide the engineering services. Engineering products we are going to offer. Engineering solutions we are going to offer. That is our future plan also.

Rahul Maheshwari: Okay. And on data center, can you just give us this highlight that suppose per megawatt $7 million is the data center capex cost. How much is our addressable market into that? And how big this business can become, at least for next 2-3 years perspective.

Nageswara Kandula: Our capabilities is the almost 60%-70% equipment, whatever data center required. We are going to manufacturing. May be coming March, we are going to full-fledged manufacturing setup is going to happen. And we can do turnkey also because complete total complete TAM we can we can do, but not a we can't do everything because very big TAM. Lot of suppliers as Mr. Brahma mentioned, suppliers is suppliers are very short.

And that much suppliers are not available in the India market today. Whatever growth is there. One supplier is ready to supply and the other 10 suppliers are fully booked today. That's reason we day one we decided whatever our client, we are going to provide complete solution. But total whatever data center required we are 100% we are manufacturing

Brahma Reddy: Yes, just to add. The your question of the what is addressable market given USD7 million per megawatt is the investment typically happens in the data center market. India of course operates anywhere between USD5 million to USD7 million per megawatt.

So if you look at India, total data center growth story today we are at 1.8 gigawatt and is expected to grow up to 10.2 gigawatt next five years. It's almost a 6x growth. So every 1 gigawatt, I think you can look at the kind of market available. I am talking about the market whatever the cost that you referred, USD7 million per megawatt, almost 65% of USD7 million is the cost goes into the products primarily, and also TAM installations.

That itself is a very, very sizable market and we are expecting almost a INR1 lakh crores for 1 gigawatt capacity. So out of that 65% goes to products itself alone. So that's where we entered into the GScale as a company, manufacturing products relevant to those areas. So the market TAM is very big.

Rahul Maheshwari: Yes. Just to add that your current existing business already has the extended working capital cycle of 220 to 240 days. Can you give us how much more stretch can happen once this data center business revenue starts flowing into or it would the working capital cycle will be much better in the data center business?

Nageswara Kandula: Working capital days, SETL manufacturing 180 products, that's reason working capital days I think last year 320 days, 320 days. And this year we are that is going to coming down to below 200 days. And this year ending we are expecting more because this is enough our top line is very high growth is there and stocks are same because 180 variety of products, that's reason last year our working capital days very high.

Now this year we are controlling and go same time and GScale also and that is also maybe below 150 days or maybe 100 days below only. Because lot of advances and project also very quick deliveries. Data center products going to.

Rahul Maheshwari: But sir, what can be driving force or what can be driving the lower working capital days for this year and next year? I mean, whether your inventory will go down or your receivables will be going down? What is the driving factor for that?

Nageswara Kandula: Stock not going to increase, revenue going to increase. Same level stock we are maintain, so and also customer advances are increasing now and receivables also we are collecting so many areas. I think this September result we are going to it will coming down to below 200 days. Working capital days.

Rahul Maheshwari: This is for 200 days is for FY27 you are saying?

Nageswara Kandula: FY27, yes. September, after six months I'm talking about.

Rahul Maheshwari: Right. Right. And sir, you also mentioned the three-year target of a INR1,600 crores revenue. Any revision sir, which was there? Just last meeting when we met, you mentioned about a three year, three to four year target of INR1,600 crores revenue at the top line.

Nageswara Kandula: This year we are already guided 1,450, INR1,200 crores SETL business and INR250 crores GScale and total consolidation it going to happen 1,450. That is earlier growth is different. Now we recently we changed our guide guiding figures.

Moderator: Thank you. Next question is from the line of Sandhya. Sandhya, you may go ahead. Sandhya you are not audible. Request you to please unmute yourself and go ahead. We'll take.

Sandhya: Can you hear me right now?

Nageswara Kandula: Yes.

Sandhya: So first of all congratulations sir for such a great numbers. So I had a couple of questions to ask.

Nageswara Kandula: Thank you. Thank you.

Sandhya: So my first question is on, to achieve the guided revenue of approximate INR250 crores from GScale in FY27, so what capacity utilization has management assumed for the new 4,00,000 square feet manufacturing facility? And additionally what would be the utilization ramp up trajectory over FY28 and FY29?

Brahma Reddy: Yes, so the out of 4,00,000 square feet almost a 2,00,000 square feet of the factory will come into full action to support this INR250 crores revenue realization. And on top of the product manufacturing, we have a great trajectory for turnkey design and build solution. So that's where the major chunk also coming together as turnkey and design and build solution along with the products is we have sufficient the capacity of the production and also the resources utilized to achieve INR250 crores revenue.

And the we are expecting to add additional 2,00,000 square feet by December in terms of the factory so it goes into the yes next, you know, couple of quarters we'll we the company guide guiding and advising on the next year numbers.

Sandhya: Okay. And sir, my next question is on, like as we can see in in terms of EBITDA margin outlook, like employee and other operating expenses has impacted the EBITDA margin this quarter despite, like, a strong revenue growth as the business continues to scale. Should investors like expect margins to recover through operating leverage or is it the current margin profile likely to be new normal?

Nageswara Kandula: This is -- it is in a combination of both operating leverage and financial leverage.

Sandhya: Okay. So in a coming, like, coming forward can we see to improve?

Nageswara Kandula: Yes.

Sandhya: And so how much, like, in can you just quantify how much we can expect from the EBITDA margins?

Nageswara Kandula: Further we will continue to maintain the EBITDA margins 17% to 18% in future as well.

Sandhya: And on GScale business, sir, as once this commercialized, how much we can expect the EBITDA margin from this profile?

Brahma Reddy: We are expecting around 23% to 25% in EBITDA margin for GScale products and services.

Sandhya: Okay sir. That's it from my side and thank you so much.

Moderator: Thank you, Sandhya. Next question is from the line of Rohit Ohri. Please go ahead.

Rohit Ohri: Hi sir. Couple of questions. Coming back to this margin question which the earlier participant was asking. Sir, do you think that this is temporary or it's a structural change, the decline?

Nageswara Kandula: Margins? No. No. This are you talking about this employee?

Rohit Ohri: The others? Yes, the small decline that we see.

Nageswara Kandula: The main reason for decline is that we had done the some mechanization in two units. As a result the consumption of the consumable items have been reduced. Because of which there is a decline.

Rohit Ohri: Okay. Nages sir, if you could just share that what exactly was the rationale for going into this AI data centre kind of a business with GScale? How does it fit into our basket, sir?

Nageswara Kandula: Many times I mentioned, pharma also required cooling products and electrical and lot of products similar products are there. That's reason GScale also why we invested GScale because whatever pharma whatever we are producing products same way lot of similar products are required in data centres.

And also they understand our manufacturing high precision manufacturing capabilities. And that's reason we choose, otherwise Starbucks coffee I will not -- definitely I will not choose. In future also I'm not interested to that type of business, but engineering but this SETL recently also many times also Standard glass lining is glass lining whole India TAM is only INR1,500 crores. That's reason our name also changed SETL Standard Engineering Technology. We are going to more focus on engineering opportunities. That's reason this products also going to fit into our basket. Mr. Brahma can elaborate more I think.

Brahma Reddy: Yes. Hi, Mr. Rohit. So if you look historically, data centre as a market, data centre as a technology evolved from there are two old age markets. One is from the telecom industry from the ICT perspective, and the pharmaceutical clean room. Clean room applications and the telecom together is a data centre because the data centre require telecom connectivity and ICT enablement at the same time data centre require lot of precision controls inside the data centre as a similar to the your clean room, there are predominantly in executed by SETL and there are lot of products goes into the clean room similar kind of environment is in the data centre.

That's where the most of the product what SETL does, heat exchangers and the boilers and the skids, SS skids and power switchgear control systems, the many of the product is already used in data centre whatever that they are using in pharma sector. So that's where it is a very relevant and also many of the data centre players use lot of technologies from the pharmaceutical industry because there whatever kind of precision engineering and the operations that are required, similar kind of ambience is required in the data centre for reliability and precision of air conditioning and the, you know, power.

Rohit Ohri: Makes sense. Sir, we're investing around INR500 crores. What sort of return on capital employed we should expect?

Nageswara Kandula: 20%. 20% we are expecting. More maybe. We will guide soon. We will guide exact details revenue and ROA related.

Rohit Ohri: Okay. Because sir, you think that this is going to make it a subsidiary going forward, GScale is it?

Nageswara Kandula: Yes. Yes. 51% we are going to acquire.

Rohit Ohri: Okay sir. So last question, you did mention that we can grow at like 40% to 50% growth rate. Sir, from where does this growth come in the traditional business? Is it that you're gaining market share or is the industry growing at that pace?

Nageswara Kandula: Industry growing and industry also growing and we guided for existing business, this is 40%-50% growth. And GScale is also in the coming months we are going to guide what is the order book how we are going to execute that. But existing business, customer CDMO area is growing very fast and also every customer is -- every big customer is investing on capex.

Rohit Ohri: You see some group?

Nageswara Kandula: Particularly from pharma.

Rohit Ohri: So you see pharma industry grow in Hyderabad region is it?

Nageswara Kandula: Not Hyderabad, all over India.

Rohit Ohri: Okay sir. Thank you for answering my question. Thanks a lot.

Moderator: Thanks, Rohit. Our next question is from the line of Mani Shankar. Please go ahead. Mani, please go ahead.

Mani Shankar: Sir, am I audible, sir?

Nageswara Kandula: Yes, yes, please.

Mani Shankar: Good evening, sir. Kandula sir.

Nageswara Kandula: Good evening.

Mani Shankar: Sir, for FY27, the core business guidance will be around 120 crores? 100 crores?

Nageswara Kandula: Yes.

Mani Shankar: And the similar growth will come in FY28 and around 40% to 50% and it will be INR1,680 crores?

Nageswara Kandula: We will tell you, we will tell you, when we guide you. That minimum 25% to 30% growth is we guided earlier also, but this year customer orders we received then we changed our guidelines 40%, 50%. Then compulsory I must exclude this whatever order book we have currently.

Mani Shankar: Sir, combining the revenue of the core business and the GScale Energy, company can generate INR3,000 crores revenue in FY28. Can we expect?

Nageswara Kandula: We will see, we will see. Our fundamentals, our opportunities are very high. We will see. Currently exact figure I can't comment and we'll see. Growth is very high and opportunities also very high.

Mani Shankar: Okay sir. Thank you, sir.

Nageswara Kandula: Thank you.

Moderator: Thank you. Next question is from the line of Arvind. Please go ahead. Arvind request you to unmute yourself and go ahead.

Arvind: Hello, am I audible? Oh, sorry. Thank you, thank you so much for the opportunity. Sir, is there any, like, royalty transaction that we are, like, entered to pay on this, like, on this transactions?

Brahma Reddy: Royalty regarding which product you're talking about?

Arvind: GScale or the technology that we are importing, like?

Brahma Reddy: Royalty that all, right now no.

Nageswara Kandula: No royalty. It's a more of licensing model and taking the technology license and producing the products. So there is no royalty as such. And we are discussing some areas in joint ventures and technology transfers. But at the moment future maybe, future any opportunities any manufacturers want to royalty that may be. Currently no.

Arvind: Okay. But sir, you mentioned, like, you want to manufacture this glass outside India, not in India. So you are trying to point out some concern, so can you please elaborate a little bit in detail?

Nageswara Kandula: No. Technology secrecy purpose we are some products we are core product we are decided to manufacture in Japan. And whatever normal required products that we are going to manufacture in India. That's manufacturing we are divided two parts. Critical we are going to do in Japan, non-critical we are going to manufacture in India. That is also because our competitor should not copy our products. That is our objective.

Arvind: Okay. But we do have the capability to manufacture in India, correct? The critical one?

Nageswara Kandula: Yes. Technology if they transfer, we can. We are not getting any technology from GL Hakko currently. Only critical products we are going to get from Japan.

Arvind: Understood. Okay. And sir, how much tentative time we will take to complete a data centre project, like, complete data centre project from end to end?

Brahma Reddy: In terms of data centre customer project you mean or? Customer projects. Customer projects in typical timelines anywhere between 24 months to 36 months starting from greenfield to tested total final test of a data centre. That is a typical market. That's where GScale came up with the innovative idea of integrating the total solution starting from design then construction and integrating with our products.

That's where now the customers are super excited to work with the GScale to reduce their timelines anywhere from 24 months to 36 months down by up to 15 to 18 months because the most of the product, the data centre fit-outs and the internal the data centre construction related elements all will be manufactured over the factory and we deliver them by the moment civil construction comes up, our products are ready at site so we just bring them and, you know, attach them with the series of their installations and just go faster.

Arvind: Understood. Understood. Very nice, sir. 15 to 18 months you mentioned, correct?

Brahma Reddy: Yes. There is a significance. Today data centres all need everything tomorrow. So that's where we got lot of traction and momentum from the customer and discussions are very active now.

Arvind: Understood. And sir, this procurement of the product that we will be, like, acquiring from outside. So there, like, we will procure or the customer will procure those -- the components?

Nageswara Kandula: Sometimes customer will free issue the some equipment. But whatever we are manufacturing equipment, that we will supply. 60% Mr. Brahma mentioned 60% area we are producing that is other balance sometimes customer can free issue, otherwise that responsibility also we'll take and we'll offer the turnkey solution.

Brahma Reddy: Part of end-to-end solution, our products by default goes into the solution. But some locations customers will have their pre-engagements or sometimes they have a choice of buying long-lead items directly. They buy and, you know, free issue for us.

Arvind: Understood. So this 60% value-add that you are mentioning, it's the maximum value-add or this can also be increased?

Brahma Reddy: This can also very much can be increased.

Arvind: Okay, understood, sir. Thank you. Thank you so much. And it is always interesting to connect with you guys. Thank you. Thank you so much.

Brahma Reddy: Thank you.

Moderator: Thank you, Arvind. Next question is from the line of Chandresh. Please go ahead. Chandresh request you to please unmute yourself.

Chandresh: Sir, am I audible?

Nageswara Kandula: Yes.

Chandresh: Sir, good evening. Congratulations for the good set of numbers. Sir, I have just one question. Last quarter you mentioned in the PPT that there is lot of recruitment going on for the manpower. So I just wanted to take a follow up that is it still the -- we are recruiting more manpower or that process has been almost complete? Thank you.

Nageswara Kandula: We are recruiting, sir. Recently we have lot of man because suddenly order books are increased opportunities are increased we are recruiting. We are not reducing, we are recruiting continued.

Chandresh: Okay sir. Thank you, sir.

Nageswara Kandula: Welcome.

Moderator: Thank you, Chandresh. In the interest of time we will take last two questions. Next we have Mr. Praveen. Praveen, please go ahead.

Praveen: Yes sir, good evening. Am I audible?

Nageswara Kandula: Yes. Good evening, Mr. Praveen.

Praveen: Yes sir. Thanks for taking my question. Sir, the numbers which you guided for this year is INR1,200 crores of existing business. So sir, in this do we have any split on what would be direct product versus turnkey on our existing business, that is not on GScale?

Nageswara Kandula: Currently we are guided, we need to -- we are -- the company is become a solutions sales. We are going to drive solution and reactor solution or complete solution like that. That is we are not much have provided currently.

Praveen: Sir, okay. So if we go to the previous year FY26, how would the product versus turnkey split would be, that is historically for us?

Nageswara Kandula: Now we are changing the segment. Now you can see on our presentation that you'll understand our model will change. There is lot of confusion is happening this is that's reason the segment will change.

Praveen: Okay, sir. Sir, so I heard that we have unexecuted order book of around INR1,400 crores for the existing business. So how would the end markets here bifurcated like pharma, CDMO, so what would be the contribution coming out if we split the order book?

Nageswara Kandula: CDMO majority. CDMO I think almost 50% business coming from CDMO. Balance rest of are the pharma and chemical.

Praveen: So 50% CDMO and remaining would be pharma and chemicals?

Nageswara Kandula: Yes.

Praveen: Okay. Okay. Thanks for answering my set.

Nageswara Kandula: Thank you. Mr. Praveen

Moderator: Thank you, Praveen. Our last question is from the line of Darshan. Darshan, please unmute yourself and go ahead.

Darshan: Hi sir.

Moderator: Darshan please unmute.

Darshan: Hi, sir. Congratulations on set of results for the -- and also for GScale. Can I get to know what are the clients which we are dealing with in GScale, some of the customers?

Brahma Reddy: I cannot name them at this moment. But as I earlier referred, we are working with three of hyper-scalers global clients and two of Indian data centre players. So all the five customers that we are working very actively as I mentioned earlier, there are lot of excitement in looking at our product and total integrated solution so looking at the need of the hour. Hi, Darshan. You went on mute looks like.

Darshan: No. I said, thank you. That's the only question.

Brahma Reddy: Thank you.

Nageswara Kandula: Thank you. Thank you, Mr. Darshan.

Moderator: Thank you, all. I would now request Mr. Nageswara Rao for his closing remarks.

Nageswara Kandula: Thank you. Thank you all participating and showing interest on our company.

Moderator: Thank you, participants. We may conclude the conference call. Thank you for your time.

Nageswara Kandula: Thank you all.

Brahma Reddy: Thank you.