

17th October, 2025

To,

The Manager (Listing), The BSE Ltd. Mumbai	The Manager (Listing), National Stock Exchange of India Ltd. Mumbai
Company's Scrip Code: 505700	Company's Scrip Code: ELECON

Sub. : Transcript of the Earnings Conference Call held on 13th October, 2025
Ref. : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

With reference to the above referred Regulation and in continuation of our letter dated 4th October, 2025, please find attached herewith the transcript of the Earnings Conference Call held on 13th October, 2025 for Q2 of the Financial Year 2025-26.

The same is available on the website of the Company at <https://www.elecon.com/investors/audio-video-recordings-and-transcripts-of-post-earnings-quarterly-calls>.

You are requested to take the same on your records.

Thanking you.

For Elecon Engineering Company Limited,



Bharti Isarani
Company Secretary & Compliance Officer

Encl.: As above



Cranes



Rubber Industry



Marine Industry



Plastic Industry



Power Industry



Steel Industry



Sugar Industry



Mining



Cement Industry

Gearing industries. Gearing economies.



**“Elecon Engineering Company Limited
Q2 & H1 FY '26 Earnings Conference Call”
October 13, 2025**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording
uploaded on the stock exchange on 13th October, 2025 will prevail



MANAGEMENT: **MR. PRAYASVIN PATEL – CHAIRMAN AND MANAGING DIRECTOR – ELECON ENGINEERING COMPANY LIMITED**
MR. AAYUSH SHAH– NON-EXECUTIVE DIRECTOR – ELECON ENGINEERING COMPANY LIMITED
MR. NARASIMHAN RAGHUNATHAN – CHIEF FINANCIAL OFFICER – ELECON ENGINEERING COMPANY LIMITED
MR. DIPAK DALWADI – BUSINESS HEAD OF GEAR DIVISION – ELECON ENGINEERING COMPANY LIMITED
MR. KAUSHIK PATEL – BUSINESS HEAD OF MHE DIVISION – ELECON ENGINEERING COMPANY LIMITED

MODERATOR: **MR. ASHWANI SHARMA – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Elecon Engineering Company's 2Q FY '26 Conference Call, hosted by Emkay Global Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchstone phone.

I now hand the conference over to Mr. Ashwani Sharma, Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Ashwani Sharma: Thank you. Good afternoon, everyone. I would like to welcome Elecon Engineering Management and thank you for this opportunity. We have with us today, Mr. Prayasvin Patel, Chairman and Managing Director; Mr. Dipak Dalwadi, Head of Gear Division; Mr. Kaushik Patel, Head of Material Handling Equipment division, and Mr. Narasimhan Raghunathan, Chief Financial Officer.

I shall now hand over the call to the management for their opening remarks and post which we'll open the Q&A session. Over to you, sir.

Prayasvin Patel: Thank you, Ashwani. Good evening, everyone, and a very warm welcome to our Q2 and H1 FY '26 Earnings Conference Call. On the earnings call today, I am joined by my colleagues, Mr. Aayush Shah, Non-Executive Director; Mr. Dipak Dalwadi, Business Head of Gear division, Mr. Kaushik Patel, Business Head of MHE Division; Mr. Narasimhan Raghunathan, CFO. The press release and the investor presentation has been uploaded to the stock exchanges and are also available on your company website. I trust you've had the opportunity to review them.

Let me begin with a brief overview of the macro environment and our business positioning, followed by a detailed review of our financial performance, which Mr. Narasimhan, our CFO, will take you through.

Elecon Engineering continues to stand strong as the leading manufacturer of Industrial Gear Solutions and Material Handling Equipment. Our commitment to innovation, engineering excellence and deep customer relationships across key industries, including steel, cement, sugar, power and marine, has enabled us to remain resilient in an evolving global environment.

We hold a leadership position in India's organized industrial gear market, along with strong foundation for delivering solutions in the MHE division since 7 decades. Our global footprint spans nearly 95 countries, supported by a robust distribution network and a long-standing relationship with key industry players.

With long-standing experience and engineering capabilities, we are well placed to capture opportunities emerging from the ongoing capex side, both in India and overseas. As a part of our strategic vision, we aim to increase the share of exports to 50% of the total revenue by FY '30. This global ambition is underpinned by strong R&D product innovation and strategic tie-ups with global OEMs.

Our business is anchored by 2 divisions: Industrial Gears and Material Handling Equipment, each playing a distinct role in shaping our overall performance.

The Gear division, which contributed approximately 76% of our consolidated revenue in Q2, delivered a steady performance, growing 9% year-on-year in revenue despite a challenging external environment. The domestic business continued to build on the momentum, while overseas business as demonstrated a resilience performance during the quarter, in spite of delays in order receipt and execution, primarily in select overseas markets affected by geopolitical volatility.

However, this is a matter of timing. I want to emphasize that the underlying demand remains healthy, and we have witnessed robust order inflows in both markets and encouraged by the sustained inquiry levels, which bodes well for the future order inflows.

The division is well positioned to build on this momentum, supported by improving market sentiment and ongoing capital investments across key industries, that is steel, power and cement, which is expected to drive growth. We are also witnessing encouraging order visibility in the Sugar segment reflecting broader industrial momentum.

Having said that, we do not foresee any material impact on the business from a full year perspective.

Our MHE division continued its strong growth trajectory with 33% year-on-year revenue growth in Q2, supported by robust demand and increased execution. This performance is driven by a healthy order book, largely from power, cement, mining and port sectors.

As we pivot towards product supply and expand our aftermarket services, we believe this division will continue to deliver sustained growth in the years ahead, backed by a healthy, solid order backlog and a deep customer relationships.

All in all, despite short- term execution delays in international markets, the business fundamentals remain strong, the timing difference between order intake and execution has temporarily impacted revenue recognition, but with a solid order book and execution pipeline across both our divisions provides a strong foundation and visibility for healthy growth in coming quarters.

Elecon remains focused on driving its long-term growth strategy. We are actively diversifying our business portfolio and expanding our presence across new sectors and international markets. Our wide range product portfolio backed by strong in-house R&D and engineering capabilities continues to differentiate us in the industry. Our ability to deliver customized high-quality solution positions us well to meet the evolving and complex needs of our customers.

With this, I hand over the call to our CFO, Mr. Narasimhan Raghunathan, for a detailed overview of our financial performance for Q2 and H1 FY '26. Over to you, Mr. Narasimhan.

Narasimhan R.:

Yes. Thank you, sir. Good evening, everybody, and thank you for joining us today, it's my pleasure to take you through the financial highlights for the quarter and half year ended 30th September 2025, financial performance, Q2 FY '26. We are pleased to report a resilient and encouraging performance in Q2 FY '26 despite some short-term external challenges.

For the quarter ended September 2025, our consolidated revenue from operations stood at INR578 crores compared to INR508 crores in Q2 FY '25, reflecting a growth of 14 percentage on a year-on-year basis. This growth was primarily driven by strong domestic demand across both our gear and MHE divisions.

The overseas business remained flat during the quarter, impacted by timing-related delays in order receipt and execution due to geopolitical volatility in select international markets. Nonetheless, the inquiry levels in most overseas markets remains encouraging, and we expect execution to pick up pace in H2 FY '26.

Domestic demand too is picking up meaningfully particularly from the core sectors of power, steel and cement. The domestic market contributed 79 percentage to the consolidated revenue, while the remaining 21 percentage came from overseas markets.

The order intake for Q2 FY '26 is INR688 crores, a strong 28 percentage growth year-on-year. It is contributed by domestic market, INR516 crores, up 32 percentage year-on-year and overseas market INR172 crores, up 18 percentage year-on-year. This robust order inflow along with healthy inquiry levels keeps us optimistic for higher growth in the second half of the year.

Our consolidated EBITDA for the quarter stood at INR126 crores compared to INR112 crores in Q2 FY '25, an increase of 12 percentage year-on-year. The EBITDA margin for the quarter was 21.7 percentage. EBITDA margin was impacted temporarily due to higher employee costs and a change in the product mix within the gear division. We expect margins to normalize in H2 FY '26 as volumes pick up and operating leverage comes into play through recently commissioned capacity ramp-up and order book converts faster into revenue.

Profit after tax for the quarter stood at INR88 crores, representing a PAT margin of 15.2 percentage.

For the half year ended September 2025, after adjusting for the one-time arbitration income of INR25 crores recognized in Q1 FY '26 in MHE division, adjusted consolidated revenue stood at INR1,043 crores, up from INR901 crores in H1 FY '25.

Adjusted EBITDA was INR231 crores, up from INR205 crores with an EBITDA margin of 22.1 percentage. Apart from the above INR25 crores recognized in the revenue in Q1 FY '26, an additional INR10 crores was also recorded under other income as part of arbitration settlement and further INR80 crores was recognized as an exceptional income below PBT, representing unrealized mark-to-market gains from investment reclassification. As a result, profit after tax for H1 FY '26 including these one-time income stood at INR263 crores.

Segment-wise performance. The gear division contributed 76 percentage of total revenue in Q2 FY '26. For the quarter ended September '25, the gear division's revenue stood at INR441 crores compared to INR405 crores in Q2 FY '25, up 9 percentage year-on-year. This performance was resilient despite delays in order execution due to delay in receipt of orders from customers. We anticipated faster conversion of order into revenue in H2 helping us stay on track to achieve the full year guidance.

The EBIT for the gear division stood at INR85 crores in Q2 FY '26 compared to INR87 crores in Q2 FY '25. The EBIT margin declined to 19.2 percentage in Q2 FY '26 compared to 21.5 percentage in the same quarter last year, primarily due to the increase in employee costs and change in the product mix with respect to engineered and catalog products. EBIT margin was also impacted by accelerated depreciation on newly assets capitalized. However, we are confident as the revenues scale up, we will be able to recoup the margins with operating leverage playing out in the H2 FY '26.

The order intake for the quarter was INR497 crores, reflecting a 15-percentage year-on-year increase. Open order book stood at INR771 crores as on September 30, 2025, providing strong visibility in the upcoming quarters.

The Material Handling Equipment division continued its strong growth momentum in Q2 FY '26 also. Revenue for the quarter was INR137 crores compared to INR103 crores in Q2 FY '25, up 33 percentage year-on-year. This growth was driven by solid demand in the product supply and the aftermarket segments, particularly from the cement, power and port sectors.

The EBIT for MHE stood at INR35 crores compared to INR26 crores in Q2 FY '25. The EBIT margins improved to 25.7 percentage, up from 25.4 percentage in Q2 FY '25. The order intake for the quarter stood at INR191 crores compared to INR104 crores in Q2 FY '25. Open order book for MHE stood at INR455 crores as at 30th September '25, reflecting strong growth prospects going forward.

On the balance sheet front, we continue to maintain a robust balance sheet with strong net cash position of around INR600 crores, offering us significant flexibility to pursue growth opportunities, capex plan and navigate macro uncertainties.

Looking ahead, the capex budget for FY '26 to FY '28 is estimated at INR400 crores aligned with our long-term strategic goals.

Furthermore, we are pleased that the Board has declared an interim dividend of INR0.50 each, that is 50% per equity share of face value of INR1 each, reaffirming our commitment to delivering value to shareholders.

To conclude, we are confident of achieving our annual guidance of achieving consolidated revenue of INR2,650 crores and EBITDA margin of 24 percentage in FY '26. Our strong order book, healthy inquiry pipeline, domestic demand momentum and anticipated acceleration in international execution in H2 provide the foundation for a strong finish to FY '26.

With that, I would like to open the floor for questions you may have. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vishal Biraia from Bandhan AMC. Please go ahead.

Vishal Biraia:

Sir, have any of our clients told us to delay the execution, especially in gears, domestic or abroad?

- Prayasvin Patel:** The domestic market has taken some time in the beginning to take traction. However, there have been no incidences in the local market where they have asked us to delay the execution. On the other hand, in the international market, yes, there have been situations because of the geopolitical scenario where the customer is confident of the project that they are going to go through with it, but they have paused for a while.
- Vishal Biraia:** So, when I look at -- sorry, when I look at the gears business, the revenue growth of 11% seems to be much at the lower end. And the contribution of international business is not very significant. So, on the domestic side, could you elaborate as to what is happening for gears?
- Prayasvin Patel:** On domestic side, see, we are doing various projects, especially if you look at it in the power, cement sector as well as sugar. The orders quite often come in lumps. We recently received an order in gear in the power sector, which was one of the largest ever, which was amounting to INR80 crores.
- So it comes in lumps. And therefore, the -- if you look at it, these orders have come in. However, the execution may be for a longer duration, because the customer wants the deliveries in the last quarter or in the first or second quarter of next year. So those kind of situations we have to play around. What is important that we are confident of reaching our annual targets of top line which is the revenue as well as the EBITDA margins by the end of the year.
- Vishal Biraia:** Okay. And could you also elaborate the reason for decline in margins in the Gear business?
- Prayasvin Patel:** See, it all depends on the product mix, as I told you. It not only depends on the product mix, but it also depends on the turnover on the top line. So, by the end of the year, it will all even out to the projected EBITDA that we have defined.
- Vishal Biraia:** We used to guide for about 25% margins in the Gear business. Should that be achievable for the year?
- Narasimhan R.:** Yes. Definitely. Once the turnover picks up in the second half as what CMD has said, the margin of whatever we have projected definitely is achievable.
- Vishal Biraia:** Okay. Thank you for answering my questions.
- Moderator:** Thank you. The next question is from the line of Mr. Balasubramanian from Arihant Capital. Please go ahead.
- Balasubramanian:** Thank you so much for the opportunity. I just want to understand the decline of margins for Gears divisions. Like I just want to -- if you could share that product mix side, what is the mix between standard products and customized products in this quarter?
- Prayasvin Patel:** See, that information is always given to you. Obviously, you have to understand our product mix also means that it depends on the order, type of the size, ratios and the requirements, the turnover in aftersales products, etcetera, etcetera, okay. And the type of gears given even in whether they are helical, planetary couplings, okay. So various kinds of variables are there.

However, as I told you, the margins that we have kept in various products at the end of the year, they will all even out to achieve our annual targets, that we are extremely confident of. It may even further improve more, which is a possibility. So please be rest assured that the margins will be made.

Balasubramanian: Okay, sir. Sir, we are targeting...

Prayasvin Patel: Would you still like to get the breakup? If you want, we can always give it to you, of the catalog and custom gears.

Balasubramanian: Yes, sir, definitely.

Narasimhan R.: Yes. See catalog products, it is 54% and engineered products, it is 46% for Q2.

Balasubramanian: Okay, sir. Sir, my next question is regarding aftermarket international expansion. I think we are targeting 50% of international revenue by FY '30. And right now, U.S. service team is in place, and we also planned for Europe, and I just want to understand what is the go-to-market strategy for winning international service repurchasement contracts? And is any targeted revenue contributions from International Services side, the next three to five years, timeframe?

Prayasvin Patel: See, basically, I would put it this way that our strategy is that we go and try and get orders to areas and territories where we have not yet focused much on, which is South America, certain countries of Europe, part of -- a small part of Middle East and so forth, okay, including the fact that Russia also has a good position in the future etcetera. So there are various areas that we would like to penetrate further.

The geopolitical situation is not helping the business environment. We all know there are wars going on, which is slowing down the situation quite often, projects are being held up. Certain projects are also getting canceled. Luckily, we have been the kind where our projects have not yet gotten -- any of them have got canceled.

So -- but the scenario still seems to be dull and slow. And we are hopeful that we will be able to reach our targets by the end of FY '30, which is, I'm sure we'll put the entire company in a very different position, because we will be able to gain the strength of -- able to cater to any recessionary trend for years to come.

Balasubramanian: Okay, sir. Sir, that OEM business side, I think we are targeting EUR7 million in this year and I just want to understand on the customer onboarding side, is there any concerns about the margin dilutions to onboard new OEMs because OEMs contracts are technically competitive?

Prayasvin Patel: We have considered all this situation. We are not expecting that what we had committed those margins, we will be able to maintain. And though the credit scenario in United States is fluctuating widely, day-on-day basis. However, we are confident that we will be able to achieve the margins that we have committed.

Balasubramanian: Sir, my last question on the defense side, P-17 Bravo projects is nearly around INR1,000 crores kind of opportunities, and what is the current status of this order? And what kind of timeline and

for the official tenders, and like what kind of margins this kind of large different projects as of now?

Prayasvin Patel:

See, the P-17 Alpha is just more or less about to get commissioned. Normally, what happens is the ships once they are launched and they go through the exercise of trying out all the equipment and testing all the equipment's and once they are satisfied with the performance of the ship, after which they will normally go in for the active order -- ordering of the ship as well as the equipment which will happen for the P-17 Beta or Bravo.

And they will place orders with the shipyards. We are expecting as of now that in the third quarter of this year, the tenders would be floated for the ships after which, once the shipyards get the order, they will then contact us for the requirement of the gearboxes. We are expecting that by Q3, Q4 of FY 2027, that is next year, the orders for P-17 Bravo would get finalized.

Moderator:

The next question is from the line of Raj Shah from ENAM AMC.

Raj Shah:

My first question was, sir, in the defense front, there was this P-17 Bravo large order that you mentioned about. And there was another order relatively of a smaller size around INR200 crores, about which we mentioned in the earnings call post Q1 results. Sir, so any update on that order?

Prayasvin Patel:

Yes. That is regarding the Aircraft Carrier, okay? The Aircraft Carrier, the one that has already been launched, has been quite successful. So, it had been also used in the recent war that we had with INS Vikrant, which we had with Pakistan. However, it was not fully in action where none of the aircraft from there into the foreign territories.

What we find is that they will go in for this requirement very shortly. The duration -- time duration that we expect would be either the last quarter of this year, which would be last quarter at FY '26 or the first or second quarter of FY '27.

Raj Shah:

Excellent. Okay. Another question was, sir, during the previous call, you mentioned that there was some pain point in the sugar sector when it comes to -- in the domestic space when it comes to ordering. So, any progress that has happened in the sugar sector on August?

Prayasvin Patel:

This year, the order inflow from sugar has been much less. It has been a bit down. However, we see a good number of inquiries which have come up for the next coming, which means for the next crushing season, which would happen in FY '27. The deliveries would take place practically by September FY '27. And we are hoping that we should be able to back a good number of orders for that requirement, which would get finalized in the month of June.

Moderator:

The next question is from the line of CA Garvit Goyal from Invest Analytics Advisory LLP.

Garvit Goyal:

My question is on the shipbuilding part where the last quarter we talked about INR200 crores order happening and now the order will be coming more towards the end of this financial year. So is there any specific reason that the orders are getting delayed? That is one. And secondly, are you anticipating any big order from any marine side or the port areas? That's my first question.

Prayasvin Patel: Yes. First, the projects normally when it happens with the defense units normally gets delayed, okay, because there are too many agencies to coordinate with. It is the Indian Navy then the shipyards, the inspection agency, which would be a separate agency, then a certified body and so forth.

So it takes a huge amount of coordination to get everyone together and finalize orders. And therefore, they do get delayed by 2 or 3 months very easily. They are right now delayed. There is a project which is likely to happen soon. How soon? That we do not know, but they are NGMV, which is -- yes, it is called the next-generation missile vessel.

So that hopefully would get finalized soon. And right now, we are also manufacturing the units for the new generation petroleum vessels, OPVs as they call it, NG-OPVs. So these are the orders which are right now hot, and we believe that soon they will get finalized, especially the NGMV.

Garvit Goyal: Got it, sir. And secondly, you mentioned the international market, order procurements are getting delayed. So in this environment, what is giving us the confidence that H2 will give us the recovery and will we be able to meet our targets because environment is still tough, right? So can you put some color on that?

Prayasvin Patel: See, the pending order position is quite strong. The inquiry levels are also quite good, and the body language of the customers who have given us inquiry is they seem to be telling us that, look, we want to finalize the order soon. So that is giving us the encouragement and confidence that we will be able to achieve our targets.

Garvit Goyal: So there can be the chances like they can further delay these deliveries, maybe before is the environment, right?

Prayasvin Patel: There's always a possibility, but we are reasonably confident because the orders that we have on hand, they have not stopped us from execution. The political scenario also seems to be such that we all seem to be ending, especially the one in the Middle East as well as the Russian war, people seem to be getting fed up and wanting to bring into a positive conclusion. So rather than the situation deteriorating, we believe that the situation will be improved. And therefore, we are not worried that any of the orders would further get delayed.

Garvit Goyal: And the guidance which we are targeting, we need to do INR1,500 crores in next, which essentially means the quarterly run rate of INR800 crores. So can you tell us like is it going to be a uniform execution or we should expect like in the range of INR650 crores, INR700 crores in Q3 and rest will be in Q4?

Prayasvin Patel: See, we have done a fair good amount of capex and the new equipment have already started arriving. They are -- a lot of them have started producing for us, and we are reasonably confident that with the capacity increase that we have had and the new equipment, which are performing well, we should be able to achieve our targets with reasonable confidence.

Garvit Goyal: No, sir, I'm trying to understand like is it going to be a uniform in Q3 and Q4 or it will be like Q3 will be a little less than Q4 and Q4 will be a major has happened in the last year?

- Prayasvin Patel:** See, Q3 normally has more holidays. That is number one. The other thing is normally when you try to increase the production and of course, it's slowly and gradually increase. So always Q4 values are always higher than Q3. I presume would be also the trend this year. However, we are keen that we would try as much as possible to increase our turnover in Q3 so that Q4 becomes more and more comfortable.
- Garvit Goyal:** Understood.
- Prayasvin Patel:** It is quite often difficult.
- Garvit Goyal:** And one last question. You mentioned...
- Moderator:** I'm sorry to interrupt in between, sir. We would request you to rejoin the queue for the follow-up question.
- Garvit Goyal:** Okay.
- Moderator:** Thank you very much. The next question is from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.
- Kashyap Javeri:** First, bookkeeping question. On the international subsidiaries, if you can give some numbers for H1 in terms of revenue, how it has probably grown? And what has been the margins there? And second question is on the overall export side, I know there has been a significant amount of discussion here.
- But my question is that between 2024 to 2029 or '28, over a period of 5 years, we are committing about 750 -- sorry, about INR650 crores of capex. And we are doing that even at accelerated depreciation given that capex coming from operating leases.
- So one, it seems like the confidence on that export business seems to be extremely high over let's say, in next about 3, 4 years. So where does that come from on the longer term? And to surprise for that accelerated depreciation, should one assume that the EBITDA margins on now export business is going to be probably a bit higher than what we are doing today, given that it will have to be an engineered product?
- Prayasvin Patel:** See, I will put it this way. Our export margins have always been better than the domestic market. That is number one. Number two is that these commitments or these targets that we have taken are the targets, which in the long term are very strategic for the company as a whole.
- The reason being that if we are able to achieve our targets by FY '30, which we are reasonably confident of doing so, it will help us hedge against recession especially domestic recession because what would happen is that while the inflow of orders out here reduced the orders from the international market would help us in sustaining not only the turnover, the top line but also the bottom line.
- The margins -- the EBITDA margins that we are talking about and that is extremely important for us to achieve. And therefore there is a lot of focus. The entire organization is focusing more on exports and also seeing to it that the exports are coming from various territories, different

territories from South America, from the Middle East, from Africa, the Far East, etcetera. So that you are able to automatically hedge against ups and downs in the economic activities globally. Have I answered your question?

Kashyap Javeri: I understand that sir, but when does that -- given the fact that INR650 crores of commitment and accelerated depreciation because of operating leases, this also come sooner than later. And as of today, at least in the numbers they don't give that kind of confidence, which is why there's this question keeps coming up again and again because depreciation is going to be an issue if that does not happen. And particularly, once we spend another INR400 crores, which is why?

Prayasvin Patel: See, first of all, you have to understand that this capex is coming all from internal accruals. That is number one. Number two is the capex that we are doing are for various reasons. It is not only enhancement of capacity, but it is also to take care of the wear and tear that has happened to the machine tools where we have not done capex in the past. It also helps you in improving your quality and improve your productivity.

So that is a necessity and that happens with all engineering industry. That is number one. Number two is the margins that we have committed year-on-year since the last 3 years or last 4 years we have been able to maintain and we are confident that we will be able to maintain.

As long as the demand is concerned, we are fully capable of rising to an occasion where if there is an increase in demand, we would still be able to meet with it. So these are the strengths on which the company is driving itself further ahead. So I do not see why it is not giving you the confidence when the management is fully confident.

Narasimhan R.: Further Kashyap, just would like to further add few points. This INR400 crores of capex whatever we plan to do over a period of 3 years, not necessarily all the whole thing we don't plan to take it as an operating lease. Partly, it will be -- that has been historically in the past 2 years, if you see, partly it will be funded by our own internal accruals and the balance will take into the operating lease. So that we will decide depending upon our requirement and what we would like to keep it as a reserve.

Kashyap Javeri: Okay. And some numbers on H1 on the subsidiary side, if at all growth number also will do, if not absolute top line number and the margins also if possible?

Prayasvin Patel: Can you repeat the question, please?

Kashyap Javeri: The revenue number for the subsidiaries and their margins?

Narasimhan R.: Yes. The revenue numbers for the quarter is INR83 crores.

Kashyap Javeri: Okay. And the same quarter -- sorry, H1 and H1 last year?

Narasimhan R.: Just a minute. INR162 crores for the current year, H1. Last year, it is INR188 crores.

Kashyap Javeri: And the margins?

Narasimhan R.: only.

Kashyap Javeri: Sorry, I could not catch that last bit.

Narasimhan R.: Yes, just a minute hold on.

Kashyap Javeri: So INR180 crores became INR156 crores. Have I understood that correctly?

Narasimhan R.: INR162 crores.

Kashyap Javeri: INR162 crores. Okay. And the EBITDA margins?

Narasimhan R.: Yes, just hold on. is what current year.

Prayasvin Patel: Current year, it is 12%.

Kashyap Javeri: Okay.

Prayasvin Patel: So compared to last year, it's a 15%.

Kashyap Javeri: Okay, sure. Thank you so much.

Moderator: Thank you. The next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari: Yes. Hi, good afternoon. Sir, first question on -- I mean, we started this journey on onboarding OEMs, I guess, about 1.5 years, 2 years back. And last quarter, we had declared about 18 OEMs that we have onboarded. So one, how is this journey being with them in terms of -- because we started first providing them with prototypes and then some commercial supply? And just some ramp-up and conversation qualitatively, quantitatively. How has that journey been until now?

Narasimhan R.: Yes. See, the -- Pratik, last year earlier, this thing 18 OEMs is what. During this quarter, there has been no additions. However, the progress on those things remain the same. We are developing various products and various -- is into operations also. And inquiries has also been good from those OEMs.

Pratik Kothari: So one of the expectation was that once a year or two passes, you're expecting that there will be a sharp ramp-up because they were testing whatever with us and once the confidence build up, so are we seeing that or all of that seems delayed given the geopolitical situation?

Prayasvin Patel: Yes. That is the situation. However, they are promising a good number of orders because there have been -- most of them are saying that they are satisfied with the product that we have delivered. They had put it on trials and they seem to be happy. Okay. So we are now kind of controlling them to give us more or less. So that is the scenario rise.

There are some where we have received more orders. But I would say there is nothing that we can say with confidence that these are large number of orders. We are expecting more from them, okay. Approximately a few, at least INR30 crores, INR40 crores is what we are expecting.

- Pratik Kothari:** Correct, correct, correct. And sir, one question to Narasimhan. In the cash flow statement, we see this...
- Moderator:** I'm so sorry to interrupt you in between.
- Pratik Kothari:** It's my second question, ma'am and first was a follow-up. Yes. So to Narasimhan, I mean, in cash flow statement, we see this INR22 crores of FX loss. If you can just highlight where does this get booked? And what is this regarding?
- Narasimhan R.:** This relates to the unrealized, when we translate our overseas accounts that relates to the unrealized loss. So that is the reason.
- Pratik Kothari:** So this will be under other comprehensive in the P&L?
- Narasimhan R.:** Yes.
- Pratik Kothari:** Okay, great. Thank you.
- Management:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mayank Bhandari from Asian Markets Securities. Please go ahead.
- Mayank Bhandari:** Thanks for the opportunity. Sir, this large order of INR80 crores in power sector, is this part of gears or gear plus MHE both?
- Prayasvin Patel:** Only gears.
- Mayank Bhandari:** And this is high speed gears or which type of gears?
- Prayasvin Patel:** These are, I would say, custom built gears required for a particular process.
- Mayank Bhandari:** So we are yet to qualify for the high-speed gears and how is our journey going on there?
- Prayasvin Patel:** High-speed gears, we have tested the gears given it to the desired client. He has also witnessed it, but he has not placed further orders on us. Some are the other, he is dwindling. However, we are trying to tell him that everything has been satisfactory. Now you need to place more orders on us. So that is where the position lies. But we are reasonably confident that in a month or two, we will receive some orders further.
- Mayank Bhandari:** Sir, this INR80 crores of order, like, what would be the execution timeline or margin profile, if you could highlight?
- Prayasvin Patel:** It would be executed within 2 years.
- Mayank Bhandari:** Okay. Within 2 years. And on the defense side, NGMV order is what you are expecting. What would be the quantum of the order?

- Prayasvin Patel:** It is difficult to tell you right now because it will depend upon the entire pricing structure that would be done. But it is an order that would be reasonably good for the company to execute and we are looking forward to it.
- Mayank Bhandari:** And sir, on this different thing....
- Moderator:** I'm sorry to interrupt you in between, sir. I would request you to follow-up -- I'm really sorry, I would request you to rejoin the queue for the follow-up questions. Thank you very much. The next question is from the line of Navani Naredi from Naredi Investment Private Limited. Please go ahead.
- Navani Naredi:** Thanks for the opportunity. So my first question is, as government is exploring the capabilities and looking to become self-reliant in rare earth production. So, what is our scope going forward in it? I mean do we have any scope in this line?
- Prayasvin Patel:** We have not explored any rare earth situation as far as we are concerned. So, we are into our own traditional equipments as of now. However, our material handling equipments can be utilized for rare earth exploration.
- Navani Naredi:** All right. And my next question is, since your investment -- total investment is around INR995 crores. So, how are you planning to deploy these funds?
- Narasimhan R.:** Yes. These funds we have put it in various instruments, which has been explained as safer instruments and considering the liquidity and safer instruments, various investments it has been deployed.
- Navani Naredi:** So, like, aren't you planning any further acquisition or like any further acquisition which I am talking about?
- Prayasvin Patel:** As of now, there is nothing on the horizon. However, if anything comes up, naturally, everyone will be informed about it.
- Navani Naredi:** All right. Thank you so much.
- Moderator:** Thank you very much. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.
- Prayasvin Patel:** I would like to thank you all for joining this call and for your continued support. We are encouraged by the steady momentum across both our gear and MHE divisions. We remain committed to consistent execution, prudent capital allocation, focusing on high-growth segments, position us well for sustained performance, and we remain confident in our ability to build on this momentum, strengthen our market leadership and continue delivering value to our stakeholders, and we will continue to focus on maximizing value.
- Thank you once again for your participation and trust in us. Should you have any further queries, please feel free to reach out to our CFO, Mr. Narasimhan Raghunathan. Thank you and have a great evening. Thank you all.

Moderator: Thank you very much. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.