

22nd October, 2026

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 15th October, 2026
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 9th October, 2026, please find attached herewith the transcript of the Earnings Conference Call held on 15th October, 2026 for Q2 of the Financial Year 2026-27.

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.

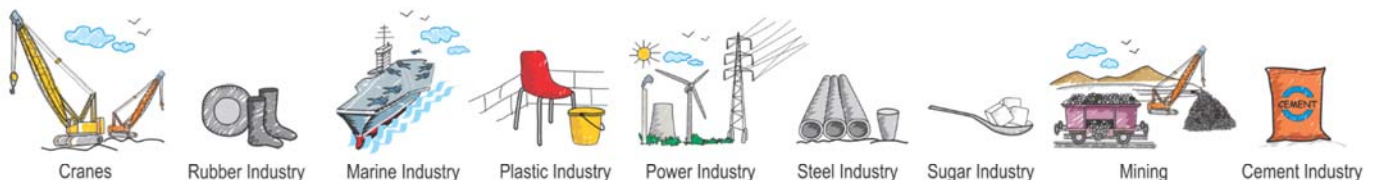
Yours faithfully,
For Elecon Engineering Company Limited,

Isarani
Bhartiben
Lalitkumar
Bharti Isarani
Company Secretary & Compliance Officer

Digitally signed by
Isarani Bhartiben
Lalitkumar
Date: 2026.10.22
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Encl.: As above



Gearing industries. Gearing economies.



**“Elecon Engineering Company Limited
Q2 FY27 Earnings Conference Call”
October 15, 2026**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on October 15, 2026 will prevail.



MANAGEMENT OF ELECON ENGINEERING COMPANY LIMITED:

MR. PRAYASVIN PATEL – CHAIRMAN AND MANAGING DIRECTOR

MR. AAYUSH SHAH – EXECUTIVE DIRECTOR

MR. CHINTAN SHAH – CHIEF FINANCIAL OFFICER

MR. DIPAK DALWADI – BUSINESS HEAD OF GEAR DIVISION

**MR. KAUSHIK PATEL – BUSINESS HEAD OF MATERIAL HANDLING
EQUIPMENT DIVISION**

**MODERATOR: MR. HARSHIT KAPADIA – ELARA SECURITIES INDIA PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Elecon Engineering Limited Q2 FY '27 Earnings Conference Call hosted by Elara Securities India Private Limited. As a reminder, all participant lines will remain in the listen-only mode, and there will be an opportunity for you to ask questions after the management's opening remarks. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone telephone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Harshit Kapadia from Elara Securities India Private Limited. Thank you, and over to you.

Harshit Kapadia: Thank you, Ryan. Good evening, everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY '27 and H1 FY '27 Conference Call of Elecon Engineering Company Limited. I take this opportunity to welcome the management of Elecon Engineering Company Limited, represented by Prayasvin Patel, Chairman and Managing Director; Aayush Shah, Executive Director; Chintan Shah, Chief Financial Officer; Dipak Dalwadi, Business Head Gear, Kaushik Patel, Business Head Material Handling Equipment. We will begin the call with a brief overview by the management, followed by a Q&A session. I'll now hand over the call to Prayasvin sir for his opening remarks. Over to you, sir.

Prayasvin Patel: Thank you, Harshit. Good evening, everyone, and welcome to Elecon Engineering's Q2 and H1 FY '27 Earnings Conference Call. The earnings press release and investor presentation have been filed with the stock exchanges and are also available on our website. I will begin with the industry context, the operating environment and our performance during the quarter.

Chintan will then discuss our financial results in great detail, after which we will take you through your questions.

India's industrial outlook remains constructive, supported by public capital expenditure, infrastructure development and domestic manufacturing. Demand from cement and power, together with the anticipated threefold expansion in the steel production capacity, presents a substantial opportunity for the capital goods sector.

Considering the industry research estimates, the Indian heavy-duty industrial gearbox market will grow at approximately 8% CAGR through FY '30. Key drivers include capacity creation, brownfield modernization and the need for efficient, reliable solutions. While global uncertainty, geopolitical developments and raw material volatility warrant continued vigilance, India's industrialization plans provide a strong and a durable foundation for long-term growth.

At Elecon, our Gear and Material Handling Equipment divisions are distinct but complementary growth engines. Both serve critical industrial applications, and together, they give us the scale, technical breadth and market access to convert structural demand into sustained business growth. Over more than 7 decades, we have built a strong position in industrial gear solutions and material handling equipment. Our focus is clear; expand in overseas market, deepen our domestic footprint and execute with discipline and convert opportunities into profitable revenue growth.

We will continue to protect margins, strengthen earnings quality and allocate resources to areas where Elecon has a durable competitive advantage. Our MHE division is now establishing a meaningful international presence, securing orders worth approximately USD9 million during the first half. This outcome validates the strategic decisions and capability building initiatives undertaken in recent years.

It also demonstrates that our engineering expertise is competitive in global markets and gives us confidence in the division's international growth road map.

In the Gear division, Elecon continues to strengthen its leadership in India's organized industrial gear market. Our comprehensive product portfolio, deep application expertise and ability to manufacture customized high-precision solutions meeting DIN Class 2 standards for critical applications have enabled us to build enduring relationships across key industry sectors.

Turning to the MHE division, we see an increasingly important growth engine supported by established engineering capabilities and leadership in bulk material handling. Our record in complex applications and demanding project environments is difficult to replicate. We intend to build on this position by expanding in core industrial sectors and improving execution.

Moving to segment-wise performance, the Gear division, which contributed approximately 76% consolidated revenue in Q2 FY '27, reported revenue of INR488 crores, representing year-on-year growth of 10.6%. This performance was led by 30.3% year-on-year growth in overseas markets, supported by stronger execution across international operations and sustained demand from overseas customers. Domestic demand remained stable. The result reinforces the value of our international strategy and the strength of our execution capabilities.

The MHE division regained momentum in Q2 FY '27, reporting revenue of INR151 crores with year-on-year growth of 10.4%. Execution improved progressively compared with Q1, while demand from steel, power, cement, fertilizers and ports remains supportive. The division enters the second half with a clear execution agenda.

Despite an uneven macroeconomic environment and delays in project execution clearances, our Q2 and H1 performance remained in line with expectations with consolidated revenue growing by 11% in H1. This outcome reflects the resilience of our diversified portfolio across Gear and MHE as well as growing contribution of international markets, which helped offset near-term softness in domestic activity.

Our priorities for the second half are equally clear. We continue to build order pipeline and broaden our market footprint, maintain execution discipline and sustain profitable growth to navigate through volatile market environment. Elecon's strategy for the long term is anchored in 3 priorities: extend our reach across markets and applications, expand our engineering capabilities and execute consistently.

Our investments in R&D, technology and production development are directed towards practical customer outcomes, higher efficiency, reliability and life cycle value. This disciplined approach will broaden our addressable market, strengthen our competitive position and create a scalable platform for sustained growth. With that, I will hand over to our CFO, Mr. Chintan Shah, who will take you through the Q2 and H1 FY '27 financial performance in greater detail. Over to you, Chintan.

Chintan Shah:

Thank you, sir. I will take you through Elecon's financial performance for Q2 FY '27 and the first half, along with the key operating drivers. The results reflect disciplined execution and the resilience of our business model. Before discussing our financial performance, I am pleased to share 2 important developments.

The outlook of the company's long-term credit rating has been upgraded from AA Stable to AA Positive, while its short-term rating has been reaffirmed at A1+. In addition, our lead banker has released the collateral security for both fund-based and non-fund-based working capital limits, thereby removing the hypothecation of movable and immovable properties, including plant and machinery. Both the above developments reflect the continued strengthening of our balance sheet and our growth outlook.

Coming back to financial performance for Q2 FY '27: Revenue from operations increased 10.5% year-on-year to INR639 crores compared with INR578 crores in Q2 FY '26. When compared with revenue of INR521 crores in Q1 FY '27, your company has registered a growth of 22.7%. This reflects a clear acceleration in execution and improved conversion across our businesses. Profitability strengthened faster than revenue. EBITDA increased 17.7% to INR148 crores, while EBITDA margin expanded by 140 basis points to 23.1%. Profit after tax grew 9.8% to INR96 crores with PAT margin at 15.1%.

Financial performance for H1 FY '27: For like-to-like assessment, H1 FY '26 revenue and EBITDA are adjusted for INR25 crores of onetime arbitration settlement and income recorded in MHE. On this basis, H1 FY '27 revenue grew 11.1% year-on-year, demonstrating the underlying strength of our businesses.

H1 EBITDA reached INR257 crores, up 11.4% over adjusted H1 FY '26 EBITDA. EBITDA margin was sustained at 22.2% compared with 22.1% in the corresponding adjusted period. This consistency demonstrates our ability to protect profitability while supporting the growth. Profit after tax was INR167 crores. Adjusted PAT increased 6.5%, excluding the after-tax impact of arbitration income and INR80 crores net of tax unrealized mark-to-market gain from reclassification of investments in the prior period.

Now let me take you all through our segment-wise performance. Beginning with Gear division: The Gear division delivered a strong Q2 with revenue increasing 10.6% year-on-year to INR488 crores. H1 revenue reached INR903 crores, representing growth of 13.1% with power remaining our high contributing industry. Profitability improved decisively. Q2 EBIT rose to 27.2% to INR108 crores and EBIT margin expanded by 290 basis points to 22.1%.

H1 EBIT increased 21.8% to INR182 crores with margin at 20.2%. This demonstrates the earning potential of disciplined execution. Q2 order intake was INR493 crores, broadly stable year-on-year, while H1 order intake increased 8.8% to INR1,063 crores. The open order book was INR1,056 crores as of September 30, 2026. This is up by 37% year-on-year, providing strong H2 visibility.

Power, steel and cement, our 3 largest contributing industries, remain supported by India's midterm and long-term development priorities. With established technology, manufacturing depth and customer relationship, the Gear division is well equipped to translate demand into sustained earnings growth.

Coming to Material Handling Equipment division: The MHE division delivered improved execution in Q2. Revenue increased 10.4% year-on-year to INR151 crores from INR137 crores. H1 revenue stood at INR256 crores, up 4.5% over adjusted H1 FY '26. With improved clearances on the projects, MHE has started scaling up the operations. We made tangible progress in Q2 and are positioned to accelerate through the remainder of H2 FY '27.

Demand indicators are encouraging. Q2 order intake increased 32.5% to INR253 crores. This includes overseas orders of INR68 crores. H1 order intake rose 34.8% to INR438 crores. The open order book reached to INR579 crores as of September 30, up 27.3% year-on-year. This provides sound execution visibility.

Now coming back to geographical mix: Our overseas business continued to build momentum. Q2 overseas revenue increased 30.6% year-on-year to INR159 crores. H1 overseas revenue reached INR309 crores, with a growth of 26.2% year-on-year. Now overseas business contributes 27% of consolidated revenue compared with INR245 crores in H1 FY '26. Balance sheet and capital allocation: Elecon's financial position remains a strategic strength. As of September 30, 2026, shareholders' funds stood at INR2,509 crores. The balance sheet carried no conventional borrowings.

The debt in our balance sheet primarily represents lease liabilities. This gives us resilience and capacity to invest. Working capital performance improved during H1 with the cycle towards normalizing to 89 days from 98 days in FY '26. We continue to maintain a strong balance sheet with a net cash position of approximately INR700 crores. We also remain committed to our capital expenditure program for 3 years, which remains on track.

Furthermore, we are pleased that the Board has declared an interim dividend of INR0.50 per equity share of face value of INR1 each, reaffirming our commitment to delivering value to our shareholders. As an outlook, as we enter the second half, our priorities are clear.

We wish to accelerate MHE execution, convert the order pipeline with discipline, sustain margins and advance our international strategy. Given continued macroeconomic uncertainty and inflationary environment, but improved execution cycle, we are expecting a medium

double-digit consolidated revenue growth for remaining part of the year while maintaining minimum EBITDA margin at last year's level.

We have the financial capacity and operating capabilities to deliver profitable growth while building a stronger, more diversified Elecon. With that, we conclude the financial review and welcome all your questions. Thank you.

Moderator: Thank you. We take the first question from the line of CA Garvit Goyal from Serene Alpha Analytics. Please go ahead.

Garvit Goyal: Hello, am I audible?

Moderator: Yes, please go ahead.

Garvit Goyal: My first question is on management remarks regarding the near-term softness in the domestic market. I wanted to understand more about that. Like what do we mean by that? Like what is driving the softness, which sector is contributing to it? And in terms of the outlook for the full year, we are, again, like a bit not clear in terms of the number, right?

We are speaking about mid-digit double-digit growth, something like that. So can you please put some more clarity in terms of the growth outlook as well as what is happening in the domestic market? Because despite the decent demand from the end industries, which we also mentioned in the opening remarks, our business is more or less stagnant there. So please help us to give more clarity on this point?

Prayasvin Patel: Yes. First of all, I would like to say that there was a lot of volatility in the pricing of steel in the last 6 months, which would affect our margins. That is number one. The second aspect was that there was a bit of slowness because the monsoon, as we all know, has not gone in the way that was expected. And therefore, there is a little bit of lethargy in the execution of various projects.

They are going a bit slow. However, the orders are all firm and fixed. We have manufactured goods lying with us. Some of them are yet to be delivered to our customers. But what it looks like is that after Diwali, the expected momentum would catch up for the near future, okay, especially till March.

We have a very healthy order booking on hand and these orders are all executable, most of them, which means that we will be able to deliver a sizable amount before March. So this is the overall scenario that is prevailing as of today. But in spite of all this, we have done well, and we expect to do even better in the H2 second half. I hope this answers your question.

Garvit Goyal: So where exactly we are targeting the number in terms of the revenue that we used to speak about that we will give the clarity in H2, right sorry, H1. So where we are targeting the number in the terms of the top line for this financial year?

Chintan Shah: So in terms of the guidance, we just say that we are looking for mid-double-digit revenue growth, and this can be somewhere around 15% in that range. This is, again, considering the improved execution that we have recently seen in last couple of months, but we still don't want to overlook the macroeconomic conditions, the geopolitical conditions and also the inflationary pressure, which we have just spoken about, which is like volatility in the base raw material prices, the rupee depreciation and the high inflation rate, which is already being announced and under a lot of discussions.

Garvit Goyal: Okay. So when we say the inflationary pressure is there, so are we not able to pass on the commodity price hike, especially the steel? We all know that prices have increased significantly. But still in this quarter, if you see the margins have improved. So from the standpoint of view, the commodity inflation vis-a-vis the product mix getting improved, it is more going towards the export side. How one should look at the overall margin trajectory in the second half? What is your view on that, sir?

Chintan Shah: So as we look at our current performance in H1 itself, at an overall level, we have been able to maintain EBITDA margin of 22.2%. Our sense that we should be able to maintain the same margin. But out of the abundant caution, we have said that we will be having a minimum EBITDA margin percentage what we achieved in FY '26 because what we have a visibility of the current orders that we have locked and back-to-back a lot of locking of the prices that we have done it.

But there are a few businesses like CP business, as you know, which is about 50% of our total revenue. Where the back-to-back pricing doesn't happen. We typically release the price list on a monthly basis and where we start getting the orders and their manufacturing cycle is less. So this kind of business, our ability to transfer the price from immediate buying that we do, that ability is slightly on a lower side compared to the businesses that we have other businesses like engineered product business.

Garvit Goyal: Got it. And one last question...

Moderator: I request you to please join back the queue for follow-up questions.

Garvit Goyal: Okay, thanks. I will join the queue.

Moderator: We take the next question from the line of Raj Shah from Enam AMC.

Raj Shah: Am I audible?

Moderator: Yes, please go ahead.

Raj Shah: Yes. Sir, my first question is on the MHE segment. It was very delightful to hear that we have received \$9 million order inflow in the H1. So but my question was regarding, sir, margins. If we see in MHE segment, there is a fall in margins from 27% last year to around 22% in this quarter. And even sequentially, there has been a fall in margins. I recollect that in the previous

call, the management had mentioned about some projects in power sector where there were some kind of delays. If you can give -- if you can throw some light on the margin trajectory in this business and the cause of problem in these particular projects?

Kaushik Patel: As far as MHE division is concerned, I think we have given guidance that we will maintain our margin throughout the year that is in the range of 22% to 24%, okay? And the 2 orders which we were talking during our Q1 conference call, I think now execution is happening now. In fact, good amount of invoicing we did in Q2 itself. And over the quarter, we will get a good amount of invoice as well from those projects. And of course, for overseas business, yes, slightly higher margins than what we are getting in domestic business. I hope I have answered your question.

Raj Shah: Yes, yes. Understood. Sir, second question was on the defence side. We are aware that the RFP for P-17 Bravo has already been issued to the shipyards. So based on what you have been saying in previous interactions that around 6 to 9 months with that kind of lag, we can expect the order should be received by players like you. So can you throw some light on why when can we expect this large orders in defence.

Dipak Dalwadi: See, regarding the P-17 Bravo, though the -- I mean, RFP is given to the all shipyards. And recently, only we have submitted our budgetary offers. But still they are deferring the final ordering to the shipyards. So we are hopeful that in the Q2 or Q3 of the next financial year, we can get the offer, I mean RFP for submitting our final offer to the all shipyards. And beginning of the financial year '29, Q1, we are expecting the orders to be awarded.

Raj Shah: Got it. So based on your assessment...

Moderator: I request you to please join back the queue.

Raj Shah: No, no, it's not a question, sir. It's just a follow-up to what the management is answering.

Moderator: All right. Please go ahead.

Raj Shah: So based on your assessment, sir, this defence order execution shall take place in FY '29 and '30. Is that understood correctly?

Dipak Dalwadi: Yes, it normally takes 2 to 3 years for executing the complete project.

Raj Shah: Got it. And do you see any competitive intensity for this particular order or we are reasonable...

Dipak Dalwadi: No, it's the follow-on orders of the P17 Alpha. So we will be the single bidder. So that order goes to the Elecon only.

Moderator: We take the next question from the line of Pathanjali Srinivasan from Sundaram Mutual Fund.

Pathanjali Srinivasan: I have a few questions. So firstly, I want to know, we have seen a fair bit of increase in our margins in the Gears business. So I think we are at this level after almost 5 or 6 quarters. Could

you explain what is 1 or 2 reasons that has helped in this? Is it product mix? Or have we taken a price hike? What have we done here?

Chintan Shah:

So we have basically, we have taken a price hike and also a bit of improvement of product mix. And on top of it, margin improvement has also come from contribution of our overseas exports orders where we typically see a slight high margins. There were some orders in the exports, which we were trying to execute and complete in Q1, but because of the softness that we had it, we could do it in Q2. And that's the reason there is a spike in the margins because a bulk amount of the export order has come in Q2, which could have been distributed evenly between Q1 and Q2.

Pathanjali Srinivasan:

So when you say our product mix has improved, can you tell what is the quarterly catalog and engineered product mix?

Chintan Shah:

It's about 53% is catalog, 47% is engineering. But within engineering also, we have a lot of highly engineered complicated solutions that we design and sell. So that also has improved a lot. Again, at a macro level, as we said, in Q2, we had 22% gear EBIT margin, right? And with that, we did almost 20.2% in H1 for gear. And this is the range we are talking about for a gear. Since last couple of quarters, we were not doing good lately in FY '26.

We were asked a lot of questions about how gear will bounce back and what kind of margin trajectory gear will maintain. So we could -- we used to always guide to our shareholders that we will maintain 20% to 22% EBIT margin for gear, and we are happy to report that we are leading towards that trajectory that we always wanted to achieve.

Pathanjali Srinivasan:

Got it, sir. Just to finalize one thing, you said price hikes offset whatever margin -- whatever input costs have gone up. Your price hikes will cover it even going forward. And I just want to know on your order book growth is a bit weaker and our execution also seems to be a bit slower than what we have done over the last few years. So could you just give some color on these things?

Chintan Shah:

Right. So in terms of the price increase, when we had the volatility of the steel, we went a little aggressive in quoting price to our customers. At the same time, we also were very aggressive on locking the price on our supply chain side. So that's where we have we typically keep a cushion or a conservative approach on both the sides, and that's where we see some monetization happening in that particular space.

Coming back to the order backlog, we are working on almost 60% capacity utilization on a consistent basis. There are some machines where we have a capacity constraint. We are de-bottlenecking the capacity. We are quarter-on-quarter reassessing and putting more kind of machines that we want, and that's how we will see a gradual improvement in that case.

Coming back to the order backlog, the H2 seems to be very promising, even though there was some slowness in Q2 in terms of the order intake. But when it comes to the availability of orders, we are pretty confident that we'll be able to execute the same.

Pathanjali Srinivasan: Got it, sir. Just to follow up on what you're saying you're saying that...

Moderator: I would request you to join back the queue.

Pathanjali Srinivasan: I'm just continuing on the answer you had given. So I just want to finish one line. So order book growth, you mentioned that it can get better in second half. Is that the correct way to understand what you're saying?

Chintan Shah: No. What I said is the execution of the order book because what happens is during Q2, even though there was a slowness in the order intake, but the clearances from the customer in terms of our projects have improved. And that's the reason MHE has visibly improved in terms of the execution, the gear is also picking up. The kind of visibility we have in terms of the clearances, the cleared executable order, it is far better.

Moderator: We take the next question from the line of Gaurav Nigam from Tunga Investments.

Gaurav Nigam I have 2 questions on the Gear division.

Moderator: Gaurav, I do apologize to interrupt you, but your audio is not clear. Could you please come again?

Gaurav Nigam Yes. Is it better?

Moderator: This is better.

Gaurav Nigam Sir, I have 2 questions on the Gear division. First one, on the domestic gear side, I think in the previous Q1 call, you had mentioned 3 sets of issues. One was related to RM inflation, which was leading to delayed decision-making at your clients. Second was related to peers who are sitting on low-cost inventory. And third one on the public capex, the government capex. I would like to hear your thoughts on these things, how they are shaping up right now. So that is question number one.

And second one, on the export side, I think it's very heartening to see almost a 30% growth on top of the previous quarter when we also grew very fast, while the domestic seems to be muted. I just wanted to get a sense that is export demand, what is the sustainable growth rate on the export side? And is there something which has changed, which is giving us confidence on that? So these are the 2 of my questions.

Chintan Shah: Right. So I will, I think, answer the first part of the first question and the second question will be answered by Mr. Dipak, who heads our business Gear division. On a Q1 side, when we say that there was a huge volatility in the raw materials, I think that volatility has been stabilized.

The Q1 volatility was a significant volatility because of the capacity and supply chain constraints, the price rise that we could see in Q1 was abnormal.

We do not see that price rise in Q2. That's number one. Number two, we explained in Q1 that whenever there is an abnormal price increase, if there are players in the market who are sitting on a high inventory, typically, they will have a slight advantage because they will carry the inventory at a lower price. And we could see in a few cases, but it has not significantly seen in Q2.

So I think that positioning is softened. The market is normalized. And I would say that in the guidance also, we stated that this was expected to be normalized in Q2. Typically, in a sudden event when there is a sudden increase in the price increase, this is what happens over a quarter, and this is what we witnessed. So Q2, as of now, as we speak, we do not see that problem.

So this is what it is. Coming back to the government spending, we from a midterm and long-term standpoint, all the sectors that we are catering to, we see a strong demand, strong spending. As our CMD sir just said in the initial phase, there is a softening right now, which has happened, which is more a temporary nature, which we feel because of the monsoon and such kind of factors. But post Diwali, we are expecting it to be picked up.

And what we are seeing is based on the current discussion, which is happening on a lot of pipeline orders. Coming back to the exports, your second question, I would hand it over to Mr. Dipak.

Dipak Dalwadi:

Yes. So our overseas business is definitely picking up. And we are having the market is increasingly shifting from standard gearboxes towards the application engineer and condition monitoring application solution-based overseas business is increasing. And as you know that the now data center is also picking up overseas business. So we are having a very good traction from the database centers, cooling tower application for the database. At the same time, we are having oil and gas applications. Also, we are getting good orders from the oil and gas based applications.

So applications are moving from the standard gearboxes towards the nonstandard and very specific customized gearbox. So we are having all capabilities developed here at R&D centre. So we are having good orders on hand for the all these customized gearboxes. So we are hoping same and containing or increasing the overseas business, what we are planning for in H2 also. So we are having a very good order backlog for the H2 for the engineering product, and we are hoping the same numbers for the growth in H2.

Moderator:

We take the next question from the line of Het from Quantum AMC.

Het:

Am I audible?

Moderator:

Yes, we can hear you.

Het: Yes. So firstly, I mean, my question is more on the long term. So we have an export target of 50% mix by FY '30. And in the previous concall, we had given a INR5,000 crores top line guidance, and that's something aspirational. So what gives us the confidence? And what are we doing to move from a INR 600 crores, INR650 crores export presently to, say, somewhere around INR2,500 crores by FY '30. Secondly, in terms of overseas order inflow, what is the Y-o-Y growth for this quarter? And where in the end industry are we seeing more traction? Could you just give some sense on that?

Prayasvin Patel: Yes. Basically, we are confident that by FY '30, we will reach 50% of our turnover from overseas markets. Now this growth is not only going to come from organic growth, but also from inorganic or inorganic growth. Now considering this fact, right now, there are a lot of areas where the -- your company is planning to dive deep into it and develop different sectors where the company will penetrate deeper into it and get additional business. Apart from that, we are expecting a sizable quantity of defence orders coming in from the marine sector.

There is also a huge demand coming in from heavy-duty large-sized steel gearboxes. MHE also has got great prospects for exports now. We are seeing that this is just the beginning. We are also having large inquiries coming in material handling business from abroad. So all in all, we are expected to do quite well. And this is over and above the fact that there is a possibility of inorganic growth with acquisitions possible abroad also. So considering that fact, we are quite confident of achieving our INR5,000 crores top line by FY '30.

Het: Got it. And my second question was on the overseas order inflow for the quarter and Y-o-Y growth?

Prayasvin Patel: Our overseas orders have seen an upsurge, okay, especially coming in from the Middle East and the Americas.

Management: 35%.

Prayasvin Patel: and which is to the tune of 35%. We are also expected to do much better than this in the future years to come because United States, especially has got great potential. We have just got the tip of the iceberg. There is a huge potential in United States. The good part and the heartening part is that we have started getting good references in various different types of industries in United States.

And this will help us get more business in those areas, especially cement, steel, even power. And therefore, we want to catch that momentum. Even the data centres are giving us good business. We've got a good order from -- healthy order in that area also, which we believe should open up large doors for us.

So all in all, we believe that exports is the way that would be growing. Middle East is also showing great momentum, especially the Africa's, and the northern part of which they deal

with. So all in all, we are very, very positive and looking forward to more orders coming in from those sectors.

Het: Quantum of order inflow?

Prayasvin Patel: Yes, Europe and U.K. are also improving, though the improvement is only slight right now or little, but we are seeing a good number of inquiries coming in, which I'm sure would get converted into orders at a future date. Sorry, continue. Yes.

Het: No. Yes. The only thing is left is the order inflow for the quarter, overseas order inflow.

Chintan Shah: It is difficult to say there are healthy inquiries on hand for H2. But as of now, it is difficult to mention as to what would be the inflow.

Moderator: We take the next question from the line of Manish Goyal from ThinQwise Wealth Managers.

Manish Goyal: I have 2 questions. One, on the guidance, what we said 15% revenue growth, is it for half two -- second half of FY '27 or it is for entire FY '27? And is it on a consolidated basis? That was first question. And on the overseas business, you did alluded that we are seeing strong growth. So like if you can just clarify what was the order inflow number in Q2? And what is the outstanding order book? And in relation to this, growth is driven by both overseas subsidiaries as well as direct exports from India, if you can clarify? Yes.

Chintan Shah: Yes. So coming back to the guidance, the guidance is on a consolidated level and it is for H2. Coming back to the order inflow for the exports, it's about INR230 crores in Q2. And when we look at the exports as a business, we do not differentiate between exports through our subsidiaries and exports directly from India. The result is we work in a very integrated manner, and that's how we look at strategically the entire exports versus domestic sales.

Manish Goyal: You said INR230 crores order inflow in Q2?

Chintan Shah: Yes, it is.

Manish Goyal: Okay. And I believe in Q1, it was INR194 crores. Am I right, sir?

Chintan Shah: Yes.

Manish Goyal: And this INR230 crores would be what comparable number for last year Q2 or first half, if you can give us that comparable number?

Ashish Jain: So for the Q2 last year, it was INR172 crores. And for the first half this year, it is INR420 crores. For the first half of the last year, it was INR291 crores.

Manish Goyal: Okay. And what is the outstanding order book, sir, in international?

Ashish Jain: Yes. So it is INR326 crores.

- Moderator:** We take the next question from the line of Gunit Singh from Counter Cyclical PMS.
- Gunit Singh:** I hope I'm audible?
- Moderator:** Yes.
- Gunit Singh:** So basically, my question is regarding the Material Handling division. Who are our main competitors in that? And is TRF one of our competitors?
- Kaushik Patel:** Yes, TRF was our competitor earlier. But now they have closed down their material handling operation. Hello?
- Gunit Singh:** Who else are there?
- Kaushik Patel:** Yes. Apart from TRF, I think L&T and TKIL is also our competitor. But since they are focusing on the EPC project, so of course, we have a competition and we have a but good opportunity for us that whosoever are participating in the EPC project or BOP projects, I think most of the main bidder apart from TKIL and L&T, they need the support like us as an OEM. So we have a good opportunity in domestic market to supply our product for that particular project. And...
- Gunit Singh:** Sir but, please go ahead.
- Kaushik Patel:** Yes. And we have a competition sector to sector. So for private sector, yes, a few players like TAKRAF, AUMUND, so they are competing us.
- Gunit Singh:** Got it. Sir, can you help me understand TRF is still in the material handling equipment space? And I mean, is it so that I mean, what part of our business overlaps with them? And is it so that business they have shut down? If you can elaborate a bit?
- Prayasvin Patel:** TRF. Whether they're still competing in the...
- Kaushik Patel:** No, no. TRF, I think in present scenario, they are not existing now, okay?
- Prayasvin Patel:** TRF material handling have closed down their operations.
- Gunit Singh:** Okay. What overlap did we have...
- Moderator:** Gunit I would request you to please stand back the queue for follow-up questions. We take the next question from the line of Pratik Kothari from Unique PMS.
- Pratik Kothari:** Sir, 2 questions. One on this inorganic comment. If you can just talk about what kind of size and scale capability, manufacturing base, if any, that we're looking at. I'm sure, I mean, inorganic happens only when it does, but just what are we scouting for and what are we looking for? And second, coal and thermal has been our strong stay – mainstay.
- I know we keep hearing from our electricity Ministry or BHEL or NTPC, the kind of requirement over the next 5, 7 years keeps bumping up and we have this coal gasification, which is now

back on table. So just if you can talk about our preparedness or any white space, if any, how are you thinking and looking at it maybe over the next few years? So one on inorganic and one on the coal and thermal ecosystem?

Prayasvin Patel:

Yes. Let me answer the coal and thermal area. We see a great potential in that area, especially because apart from the material handling business that we are doing in the gearbox area, there are new applications that we have been now catering to. And those also have got great potential. So we -- all in all, power and especially the thermal power plants have special liking for us because it not only gives business in material handling, but also in the gear in a big way. That is number one.

Number two is, as long as inorganic growth is concerned, we are looking at opportunities in America and in Europe, where there are small to medium-sized companies which have got great potential for acquisition or strategic tie-ups, whereby products can be supplied and supported from India. And that is an area which we would definitely like to pursue in a very strong way in the near future.

Pratik Kothari:

So this would be like \$10 million, \$20 million in size or much larger?

Prayasvin Patel:

It will depend upon what opportunities we get, okay? But I'm sure that if it comes our way, we will definitely give a very, very serious look at it.

Moderator:

We take the next question from the line of Prerak Gandhi from Sowilo Investment Managers.

Prerak Gandhi:

Sir, my question was on the Navy side. From my understanding, we make the low-speed gearboxes, right, the ones which are around 200, 300 RPMs. We're not present in the high-speed gearboxes that tens of thousands of RPMs, right? So any plan because I -- from what I remember previously a year or 2 back, we tried to venture into this high-speed gearboxes. So do we still plan to go venture into this because these are high value, right? So this will probably give us more orders from the Indian Navy going forward in order to achieve the target of INR5,000 crores by 2030?

Prayasvin Patel:

In the defence sector, right now, the gearboxes that we have supplied, they are coupled either with a diesel engine, which has low RPM compared to the other prime mover, which normally is a gas turbine. Gas turbine operates at very high RPM and which is on the high-speed side. So those are also products that we have supplied in the past and we continue to supply even as of now.

Number two is high-speed gearboxes in industrial and in the oil and gas area have got good potential. And we have a reasonably good reference list with us. We need to now catch more momentum in those areas and pursue the those areas further to get more and more business.

Management:

Overseas market.

- Prayasvin Patel:** Overseas market also, we've got healthy applications, different kinds recently and which we will further pursue and get more business.
- Management:** For high speed.
- Prayasvin Patel:** For high speed.
- Prerak Gandhi:** Okay. So high speed, the export is the primary...
- Moderator:** Prerak, I would request you to please join back the queue. We take the next question from the line of Krishna Sharma from Bastion Research. Please go ahead.
- Krishna Sharma:** Apologies if the questions have already asked as I have joined late. So I have around 2 questions. And the first one is the -- despite being the strong growth in revenue in the MHE division in Q2, the EBIT margins have declined in Q2. So just I want to understand like what are the key factors behind this decline? And should we expect margins going forward, like how would be the margin going forward?
- Chintan Shah:** All right. So in MHE division in Q2, we reported EBIT margin of about 20.2%. But with H1 combined, it is about 22.40%. And we have to understand the fact that MHE has remained with only marginal growth compared to last year. Last year, H1 was the period with some significant orders with slightly higher margins. And we progress in last year itself in Q3 and Q4, the entire year margin was normalized to almost 23%, 24%.
- So this year also, we have a reverse situation where we have picked up with a lower margin. And what we are saying is that we moved from 20% to 22%, where we have the capability to move to around 22% to 24%.
- The margin guidance that we have been talking about for MHE business in the range of 22% to 24% for EBIT level stays committed, when it comes to the intricacies about the margin movements, the large part of margin decline has been on the quality of the order, number one. Number two is the stage because we got the clearances in the Q2 and we started picking it up.
- The scale has just picked up. So once we have the scale moving further in Q3 and Q4, you will see the margin improvement. And third is compared to gear, the kind of price locking that we do for raw material on our MHE side is slightly not that strong that what we do in the gear because MHE is completely on a project-to-project business.
- So that's where the kind of raw material price increase pass on, which happened in gear has not happened in MHE. But as we move in Q3 and Q4, we will gradually improve our margins and we'll stay in the range what we have factored and given the guidance to the shareholders.
- Krishna Sharma:** Okay, sir. Got it. And the second question, which I have is...

- Moderator:** I would request you to please join back the queue for follow-up questions. We take the next question from the line of Vivek Gautam from GS Investments.
- Vivek Gautam:** Yes. Congratulations on good numbers, sir. I just wanted to understand the differentiator factors for good performance behind our company versus competition, what is the moat, what is the USP for our company and the opportunity size for us in both in Indian market, export market, defence market, sir.
- Prayasvin Patel:** I would put it this way that the differentiating factor with us compared to our competitors in India is the fact that, first of all, we have one of the widest range of products. We are also in a very high sophisticated, high-value gear products that we have, especially the marine defence that we have is a very high and very sophisticated gearbox, which ordinary companies in India as well as abroad find it very difficult to manufacture. That is number one.
- There are also other products like high speed, especially which are critical, which also very few companies can do in India. If you look at coal mill gearboxes that we have, they are also very sophisticated. Apart from that, there are very sophisticated applications that we quite often pursue, which our competition is not able to pursue.
- Apart from that, we also have a very, very sophisticated ultramodern manufacturing plant and our infrastructure is extremely good, which the competition does not have. This is what makes us very unique and which also is appreciated even abroad and domestically.
- Management:** Speedy delivery.
- Prayasvin Patel:** This also helps us in very fast deliveries.
- Vivek Gautam:** What is expected growth rate for us in the years to come, number one. Number two is about the -- what about the competition in foreign countries for Gear and MHE division, sir?
- Prayasvin Patel:** The competition abroad is from German companies, a few of them, which we compete with them not only in Europe, but also in the Americas. However, we have our own strengths and our own niche markets, which we are now pursuing them. And we are confident that we will be able to grow in them because we see that this niche area has got great potential. So all in all, we believe that we will be able to grow at a high rate in the near future.
- Our export offices are trying extremely hard because initially not being very well known in this business abroad, especially, it was taking time to establish our references and our reputation, which over the years, slowly and gradually, we are able to do so. So we are expecting great improvements in our total inflow of orders coming in from abroad in the near future.
- Moderator:** Ladies and gentlemen, due to time constraint, we take that as the last question, and we conclude the question-and-answer session. I now hand the conference over to Mr. Harshit Kapadia from Elara Securities India Private Limited for closing comments.

Harshit Kapadia: We would like to thank the management of Elecon Engineering for giving us this opportunity to host the call. We would like to thank all the analysts and investors for joining for this call. Any closing remarks, sir, that you want to share with investors and analysts?

Prayasvin Patel: Sure. Thank you for joining us today and for your continued trust and engagement. To conclude, our first half performance was in line with expectations and demonstrates Elecon's ability to deliver growth in a demanding environment. We entered the second half with clear priorities, accelerated execution, protect margins and strengthen the contribution from international markets.

Our experience, engineering depth and diversified business model gives us confidence in our ability to deliver against these priorities. We will remain disciplined in how we pursue growth. Our objective is to translate the opportunities before us into sustainable performance, stronger competitive position and enduring value for our shareholders. We thank our investors and analysts for your continued confidence in Elecon Engineering. For any further questions, please contact our CFO, Mr. Chintan Shah, and thank you.

Moderator: Thank you. On behalf of Elara Securities India Private Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.
