

17<sup>th</sup> January, 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 9<sup>th</sup> January, 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 6<sup>th</sup> January, 2026, please find attached herewith the transcript of the Earnings Conference Call held on 9<sup>th</sup> January, 2026 for Q3 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.

Yours faithfully,

**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



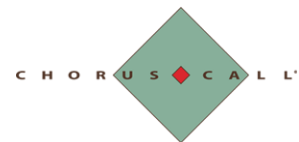
Cement Industry

**Gearing industries. Gearing economies.**



**“Elecon Engineering Company Limited  
Q3 FY '26 Earnings Conference Call”  
January 09, 2026**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 9<sup>th</sup> January, 2026 will prevail



**MANAGEMENT:** **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. HARSHIT KAPADIA – ELARA SECURITIES INDIA  
PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Elecon Engineering Company Limited Q3 FY '26 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 presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone 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 for opening remarks. Thank you and over to you.

**Harshit Kapadia:** Yes, good evening everyone. We welcome you all to the Q3-FY '26 and nine months FY '26 Earnings Conference Call of Elecon Engineering Company Limited. Today, we have with us the management representative as Mr. Dipak Dalwadi, Head of Gear Division, Mr. Kaushik Patel, Head of Material Handling Equipment Division and Mr. Narasimhan Raghunathan, Chief Financial Officer along with his team to give us an overview outlook. Over to you, sir, to give us outlook for the Q3 FY '26.

**Narasimhan R.:** Yes, thank you, Harshit. Good evening everyone and a warm welcome to Elecon Engineering's Q3 and nine months FY '26 Earnings Conference call. Joining me today are Mr. Dipak Dalwadi, Head of Gear Division, Mr. Kaushik Patel, Head MHE Division. The earnings press release and the investor presentation have been filed with the stock exchanges and are also available on our website. I trust you have had the opportunity to review them. I will begin with a brief overview of our business performance followed by a detailed discussion on the financial results.

Elecon Engineering today stands among Asia's leading manufacturers of industrial gear solutions and material handling equipment built on decades of engineering excellence, deep domain expertise and trusted customer relationships.

Our material handling equipment division is emerging as a powerful growth engine for the company. Backed by over 75 years of experience, the division has unique capabilities to design and manufacture large, complex and high capacity equipment such as wagon tippers, stacker reclaimers, crushers and specialized conveyor systems.

These capabilities are possessed by very few players in India, creating a strong competitive mode for Elecon. Serving sectors such as power, steel, cement, ports, mining and fertilizers, the MHE business continues to deliver customized high value solutions that enhance customer efficiency and reliability.

In our gear division, Elecon maintains a leadership position in India's organized industrial gear market.

We offer one of the widest and most comprehensive gear portfolios ranging from heavy duty gearboxes to precision engineered components catering to industries such as steel, cement, sugar, power and defense. Continuous investments in research and development and

infrastructure ensure that innovation, customization and life cycle support remain central to our value proposition.

With a presence across nearly 95 countries, a strong global distribution network and long-standing relationships with customers worldwide, Elecon is well positioned to benefit from the ongoing capital expenditure cycle in India and international markets.

With this, I now hand over the call to our gear division head, Mr. Dipak Dalwadi, who will walk you through the performance of the gear division.

**Dipak Dalwadi:**

Thank you Mr. Narasimhan. The gear division which contributed approximately 78% of consolidated revenue in Q3 delivered a largely stable performance with revenue growth of 1.3% year-on-year. Both domestic and overseas businesses demonstrated resilience during the quarter.

The muted growth was largely due to timing-related factors, including delays in order inflows during the first half of the year, followed by execution and dispatch deferments arising from customer-driven dispatch schedules. Importantly, the underlying demand environment remains healthy. We are witnessing strong inquiry levels and improving order inflows across domestic and international markets.

Market sentiment is gradually improving, supported by ongoing investments in power, steel, cement and a visible pickup in the sugar segment. With this improving visibility, the gear division is well positioned to return to a stronger growth trajectory. To conclude the division's performance, I now hand over the call to Mr. Kaushik Patel, head of the MHE division.

**Kaushik Patel:**

Thank you, Dipak ji. The MHE division continued its strong growth momentum, delivering 16% year-on-year revenue growth during the quarter. This performance was driven by robust demand from the power, cement, mining and port sector, along with steady execution.

We remain confident that the MHE business will continue to perform well in Q4, FY26 and beyond, supported by a healthy order book, a strong project pipeline and deep customer engagement. With this, I now hand over the call back to Mr. Narasimhan to provide further overview on Elecon's financial performance.

**Narasimhan R.:**

Thank you. I will now be walking you through the in-depth financial performance for Q3 and nine months FY26. Financial performance Q3 FY26. We are pleased to report a resilient and encouraging performance in Q3, FY26, despite certain short-term challenges.

For the quarter ended December 2025, our consolidated revenue from operations stood at INR552 crores compared to INR529 crores in Q3, FY25, reflecting a year-on-year growth of 4.3%. The gear business reported a largely flat performance during the quarter, primarily impacted by timing-related delays in order receipt and execution, as well as customer-driven dispatch deferments.

However, the underlying demand environment remains healthy. We witnessed robust order inflows across both domestic and international markets, supported by sustained enquiry levels

which gives us confidence in future order inflows. The domestic market contributed 76% of the consolidated revenue, while overseas markets accounted for the remaining 24%.

The consolidated order intake during Q3, FY26 stood at INR701 crores, representing a 7% year-on-year growth. The order inflow, combined with a healthy enquiry pipeline, keeps us optimistic about growth prospects going forward.

Consolidated EBITDA for the quarter was INR109 crores compared to INR143 crores in Q3 FY '25, translating into an EBITDA margin of 19.8 percentage. Margins were temporarily impacted due to flat revenue performance, higher employee cost and a change in product mix.

We expect margins to normalize as volumes pick up. Operating leverage plays out and the order book converts more rapidly into revenue. Profit after tax for the quarter stood at INR72 crores, representing a PAT margin of 13 percentage.

Performance for 9 months ended December 2025. For the 9 months ended December 2025, after adjusting for the one-time arbitration of income of INR25 crores recognized in Q1 FY '26 in the MHE division, adjusted consolidated revenue stood at INR1,595 crores compared to INR1,429 crores in 9 months FY '25.

Adjusted EBITDA for the period was INR340 crores with an EBITDA margin of 21.3%. In addition to the INR25 crores recognized in revenue in Q1 FY '26, an additional INR10 crores was recorded under other income as part of arbitration settlement. Furthermore, INR80 crores was recognized as exceptional income below PBT, representing unrealized mark-to-market gains from investment reclassification. As a result, profit after tax for 9 months FY '26, including these one-time items stood at INR335 crores.

Segment-wise performance, Gear division. The Gear division contributed 78 percentage of total revenue in Q3 FY '26. Revenue for the quarter stood at INR429 crores compared to INR423 crores in Q3 FY '25, reflecting a flat year-on-year performance due to the aforementioned reasons.

We expect a faster execution of orders to convert into revenue in Q4, which should support improved performance going forward. EBIT for the Gear division stood at INR78 crores in Q3 FY '26 compared to INR118 crores in Q3 FY '25. The EBIT margin declined to 18.2 percentage compared to 27.8 percentage in the same quarter last year, primarily due to higher employee cost and product mix.

As revenues scale up, we are confident that margins will recover with operating leverage coming into play. Order intake for the quarter was INR464 crores, and the open order book stood at INR811 crores as of 31st December 2025, providing strong revenue visibility for the coming quarters.

Material Handling Equipment division. The MHE division continued its strong growth momentum during Q3 FY '26. Quarterly revenue stood at INR123 crores compared to INR105 crores in Q3 FY '25, registering a 16 percentage year-on-year growth. Growth was driven by

strong demand in the product supply and aftermarket segments, particularly from the power, cement, fertilizer and port sectors.

EBIT for the division stood at INR25 crores compared to INR33 crores in Q3 FY '25. EBIT margins during the quarter were impacted by product mix. Order intake during the quarter was INR237 crores compared to INR185 crores in Q3 FY '25. The open order book stood at INR561 crores as of 31st December 2025, reflecting strong growth prospects ahead.

While there have been short-term execution delays in the Gear business, the fundamentals of both the divisions remains strong. The temporary mismatch between order intake and execution has impacted near-term revenue recognition. However, our solid order book and execution pipeline provides clear visibility for growth in the coming quarters.

On the balance sheet front, we continue to maintain a robust financial position with a strong net cash balance of approximately INR600 crores, providing significant flexibility to growth opportunities, execute our capex plans and navigate macroeconomic uncertainties.

Our capex outlay for FY '26 to 2028 is estimated at INR400 crores aligned with our long-term strategic priorities.

Though our financial 9 months performance remains strong and demonstrate the underlying strength of the business, given the near-term softness, we believe it is prudent to revise our outlook for FY '26.

On a consolidated basis, FY '26 revenue may be lower by up to approximately 5 percentage and adjusted EBITDA margins may be lower by up to approximately 2 percentage compared to our earlier guidance. That said, we remain confident about an improvement beyond the near term, supported by a healthy order book, a robust inquiry pipeline and improving execution momentum.

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

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Sanjay Ladha from Bastion Research. Please go ahead.

**Sanjay Ladha:** Hi, thank you for the opportunity. So, my first question would be, sir, we have seen order intake was the slowest in the last eight quarters. How are you seeing this and what's your view going forward?

**Dipak Dalwadi:** Hello. Can you hear me?

**Sanjay Ladha:** Yes.

**Dipak Dalwadi:** See, now in near future, means coming quarters, there is a good expecting business in the power sector. There is a substantial capacity increase going on in this segment. So we are hoping good orders from the power sector, then even steel sectors are also now growing and overall trend for the steel sector is also showing in the growth. So we are also hoping good orders from the steel

segment. And as the sugarcane growth is very well in the last quarter, so we are also hoping the good business in the sugar sector, sugar industry also.

**Sanjay Ladha:**

Sir, can you throw some light on the inquiry which you are talking about? So, what I want to understand is when you say we have a good inquiry, then we have a good bid pipeline. So, can you throw some light on how much is the bid pipeline we have and how much is going to convert it into the order book so that we get to know that how much percentage it is going to accrue on you?

Because from the last three, four quarters, we are mentioning that, but the order intake and the order flow has been quite a lower side on that front. I understand the business dynamics, but just wanted to have your views on that.

**Dipak Dalwadi:**

See, whatever orders we actually now the power investment has started and they have releasing the order. So, we also received very good orders from the L&T, MHI, and QLR and all. So, we are getting the orders from the power industry, but at the later stage, they want their requirements. So, that's why it is to be executed in the next financial year.

And also, there are many inquiries floating from the power industries and they are in pipeline and we are hoping all inquiries to be converted into the orders. So, we have a very, full confidence for achieving the good inquiries and whatever in the pipeline, it will be converted into orders, which will be useful in the next coming quarters.

**Sanjay Ladha:**

So, my another question, we are seeing comparatively better demand for the domestic market for quite some time, while when we communicate to the, in our investor presentation, we say that export revenue should be over 50% going forward by FY '30. So, how do you see this divergence? Because how do you see export market will pick up? What is the growth strategy for export? Any inorganic acquisition we are evaluating on that space?

**Narasimhan R.:**

Yes. At the moment, we are not looking at any inorganic acquisitions. At the same time, how we look at the export business as such, we have explained in many investors conference call earlier, that we are putting a lot of efforts, lot of activities has been ongoing for past three, four years.

We also lined, we also backed, lined up OEMs and we have met the guide revenue targets of what we were looking for. And these are the OEMs, you are aware that they are going to give us a sustained business in forthcoming years. So, overall the long term export growth or prospects what we are looking at and considering how we are at present the market share is and there is a huge potential. So, all those aspects and internal what are the efforts which we are doing, all are in place.

At the same time, we are aware that certain geopolitical situations and certain regions, economic growth and other things, those are all the external factors which is presently impacting us. Having said that, for the efforts, all the activities which we have been doing for four to five years now and all the orders which were executed and how the customers are looking at presently based on the experiences which they had with us for three, four years, we are confident that in coming years, we will be able to reach our milestone of 50% revenue coming from the exports.

**Sanjay Ladha:** Sir, can you also throw some growth guidance? I am not talking about a year perspective from that point of view. I am talking about the longer three-year timeframe, what the growth we are targeting. So, last time we say that it is 20% growth guidance. We have lowered down. That is okay. That is the business part of that. But if I see three-year timeframe, what are the growth prospects we are looking for?

**Narasimhan R.:** It is around 20% to 25% what we are looking at as the guidance.

**Sanjay Ladha:** Thank you. Will get back in later. Thank you.

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

**CA Garvit Goyal:** Hi. Good evening, sir, and thanks for the opportunity. Sir, in continuation to the earlier participant only, over the last one and a half year or two years, we are continuously seeking or putting some emphasis on the export side. While we also received a few orders that were announced earlier, these have not been yet translated into materials in the larger volumes.

So, as a result, if we benchmark export against FY '23 pace, the business has delivered only a marginal annual growth of around 4% to 5% despite a consistent effort and focus that we are putting into. But at the same time, if we look at the domestic market, India appears to be in a strong capex cycle, particularly across the sectors that we serve to.

We have not heard from management a clear articulation around the incremental market share gains in India and maybe targeting at 25-30% kind of growth, at least in the domestic market, while exports are muted. Even in the Indian market, we are currently growing at 15%-20% kind of number. So, I agree that the margins can be a thing you as a management try to protect. But anyway, if we look at last two quarters, margins have also started falling.

So, I just wanted to understand from you, why we are not aggressive on the domestic side? And number two, despite the cautious take that we are taking on the domestic market, why are we facing a fall in the margins? Is it because even within the existing market share that we are speaking about continuously around 40%, we have started facing the competitive pressure?

**Narasimhan R.:** Yes, Yes, I'll address it. So, while we continue to focus on our export market, we have been very strong in the domestic market. As you know that nearly 40% of the organized market share is what we hold. That still continues. We continue to be the leadership leading the market in the Indian scenario. And we are taking all the efforts to, while we may not go for aggressive market increase from now on, which comes with an additional competitive scenario and compromising on the margins, etcetera.

At the same time, we continuously look at how we could enhance the product, upgrade our products, reduce our cost, all those aspects and how to retain the current market like you see that whatever the incremental business segments like power sector and things like that which is happening, we are able to continuously improve our revenue on account of that. So, therefore, our domestic approach continues to remain robust.



We got a separate team who are continuously bagging those orders and approaching the market. So, all those efforts are also always there. And in terms of margins, we see more that it is a scenario which is playing out due to the lower turnover in the first three quarters.

Once we see in the fourth quarter, while of course, a turnover from a point of view as what we have given the guidance, there has been a little bit of a lower outlook in the current year. In terms of margins, overall margins as how we see, it gets normalized when we approach the Q4. So, we remain on the same, more or less the same.

Of course, considering the market in the current year, our marketing team generally uses its flexibility to increase and decrease the price at which we sell the products. At the same time, overall, our approach towards margins remains the same in the domestic market.

**CA Garvit Goyal:** So, now you are saying going ahead also, we will be focusing on maintaining the market share instead of focusing on increasing the market share in the domestic market. Is that understanding correct?

**Narasimhan R.:** Yes, your understanding is correct. We would reasonably try to increase the market share. But if it comes within a very aggressive competitive scenario, then we would like to look at maintaining the margins.

**CA Garvit Goyal:** But in that case, how will we be able to grow?

**Moderator:** I would request you to join the...

**CA Garvit Goyal:** No, no. It's just a follow-up. It's just a follow-up, actually.

**Moderator:** All right. Please go ahead.

**CA Garvit Goyal:** So, in this particular case, I'm not understanding. At the same time, we are speaking about 20% to 25% growth, right? And we are aware geopolitical tensions are there. So, export is a bit on toast right now for us. So, if we are not looking to grow in Indian market, maybe at more than 25%, how will we be able to achieve that guided numbers? So, that I'm not able to understand.

**Narasimhan R.:** Yes. See, the growth, the export growth, what we had indicated to be around 20% to 25% is how we see it. At the same time, we will have to factor in the geopolitical situations which are beyond our control.

At the same time, our efforts definitely would be there to reach our milestones subject to these geopolitical considerations. At the same time, our approach towards export market in terms of adding new clients, identifying growth opportunities in different markets, approaching different markets with different approaches, connecting with the OEMs, consultants, and distributors in different regions.

All those efforts and expanding our network of branches and wherever required, if there is an assembly centers sort of thing we'll have to establish, we are keenly looking at. So, therefore, all the efforts are on to improve that, to reach that milestone of export projections.

**Moderator:** Thank you. We take the next question from the line of Sunil Manikant Kothari from Unique PMS. Please go ahead.

**Sunil Manikant Kothari:** All right. Thanks for the opportunity, sir. My question is to Kaushik Bhai. Basically, looking at the power sector opportunity, which seems to be materializing thermal power mainly. So, just wanted to understand your thoughts for the next two, three years. How you see energy divisions, the opportunity, how prepared we are?

Because I think for some years we were not investing much in MHE division. So, in terms of team, technical capability, our investment in machines, little bit detailed thought process on MHEs preparedness to capture the growth and possibility of growth will be very helpful?

**Kaushik Patel:** First of all, I will give you the updates on the market. Yes, presently, as you mentioned, there is a good opportunity for us as MHE to grow and to cater the business in the power sector because there are many projects that have already been announced by the various end users like NTPC and other state government bodies. So, I think few orders has been finalized and out of it we got the good business in current year.

So, in couple of years, yes, there is a good visibility for us to grow further. And apart from the power, of course, other sector also helping us to grow because most of the end user has already announced their capex investment and of course, some capital investment also there to upgrade their existing equipment. So, we are hoping good growth in next 2-3 years.

**Sunil Manikant Kothari:** Regarding our preparedness, how much?

**Kaushik Patel:** Now, coming to our capability, we have been in this business for more than 75 years. We have our own manufacturing setup over here. We have a design, dedicated design team for our equipment.

In fact, we have upgraded our equipment considering the present market requirement and customer needs. And as far as manufacturing is concerned, if you see our most of the products require the fabrication activity. Although we have our internal setup for the fabrication, but for fabrication, we have been now outsourcing to get the things done.

Only to get it machining, we have an internal process. And apart from the upgrading our existing machines, we have a capex plan near to INR35 crores to INR40 crores. And out of it few machines, we are expecting to get it in next quarter. Next quarter means Q1 of next financial year. So, we are also investing in our machinery as well as the expanding our capacity to meet the near future opportunity or grab the opportunity to that.

**Sunil Manikant Kothari:** Yes. My, second question is on the competition. I mean, compared to say previous cycle for 2000-2007, how do you see the competition, competitor, pricing and what, I mean, ability we have added in terms of maybe product or are we again planning or thinking about entering some maybe EPC or something? What's your thought process for future growth?

**Kaushik Patel:** Okay, let me make it clear. We have adopted the strategy that we should focus on equipment supply and providing the after-sales service and that we continue over the next 2 years. Means, we don't have a thought to enter into EPC business.

But looking to the present market needs, I think for us, we have ample opportunity to put our equipment in the new projects which is being announced by the end user. Reason is only that many end users have changed their strategy for quoting the tender and those strategies are favourable to MHE, in fact, favourable to Elecon to supply the equipment in the market or for particular projects.

As far as the competitor is concerned, you must be aware about the market scenario that few players like McNally Engineering and TRF, McNally has become bankrupt. TRF has already announced to shut down their material handling operations. So, only few competitors are there like L&T and TKL.

But again, if you see the business strategy of L&T and TKL, they are more focusing on the EPC projects. Of course, we have a competition with them but not to the extent that every sector. And Elecon being the first equipment manufacturer for material handling equipment, most of the PSUs preference is with Elecon.

**Sunil Manikant Kothari:** Okay. Thank you and my good wishes to Mr. Narasimhan for future career and thank you very much.

**Moderator:** Thank you. We take the next question from the line of Gaurav Nigam from Tunga Investments. Please go ahead.

**Gaurav Nigam:** Yes, sir. Sir, I have one question on the gear division. What was the mix of engineered gears in this quarter's revenue and on the gears specifically, you mentioned about the revenue deferral which happened. So, would you be able to quantify how much was this revenue deferral that you are talking about?

**Narasimhan R.:** Yes, just a minute. In terms of revenue deferral, it is around INR30 crores to INR40 crores where some of the dispatches, what is where we try to squeeze before December, that is getting extended to January or February.

**Management:** So, the revenue mix in the EP and CP, so the CP is 52% this quarter and the remaining is 48% EP for this quarter.

**Gaurav Nigam:** Understood, sir. So, that was question number one. Just a quick on the second question on the export side, I mean we had indicated our OEM count that we had acquired, had tied up. Can you update on that business, what is their status and how much business did we do with them in this quarter or in 9 months, whatever you are comfortable with?

**Narasimhan R.:** Yes, it is around 18 OEMs where we are tied up with. Having tied up with the 18 OEMs, the revenue what we got during this nine months is around INR31 crores and what we look forward in future is that repetitive business which could come in future.

- Gaurav Nigam:** Got it, sir. This is great, sir. Thank you.
- Moderator:** Thank you. We take the next question from the line of Raj Shah from ENAM AMC. Please go ahead.
- Raj Shah:** Okay, sir. My first question is regarding the gross margins. So, if you see the gross margins of 43% that we reported in this quarter is lowest in last 5 years. I know you cited some reasons relating to customer deferments and product mix, but can you throw some light on exactly where big customers visit international or domestic and product mix changes. As you mentioned, engineered products in the CP business were 52%. I am trying to understand why the 600-700 bps fall in gross margins according to this quarter?
- Narasimhan R.:** Yes, the gross margin, see the product mix is around 52% from catalogue products and 48% from engineered products. The gross margin largely while in certain things like, for example, exports during this quarter were a little bit low where the margins are better off. Then the product mix sometimes keeps fluctuating between catalogue products and engineered products.
- So, that is also one of the sort of I would say that it is more of a timing thing. And specifically, we are also few specific orders which we are executing presently. This is for sort of indigenously developed product for the Indian Navy, though it is of a smaller order value.
- Since it is being done for the first time by us, it has got higher sort of manufacturing cost, which is more towards the learning and understanding and designing and things like that. So, that is also again from a one time point of view. At the same time, overall, there is no significant gross margin in the long term, it is impacting us.
- Only thing is that probably 0.5% or 1% is what we had explained. Considering the competitive scenario, our marketing team, how we have viewed, how our approach towards it, we look at the pricing of the products and accordingly factor those things. But otherwise, gross margin per se in gear division as well as of course, MHE division is strong. In the gear division, the overall gross margin levels remain the same except for during this year, it has been on the lowest side.
- Raj Shah:** Okay. So just to follow up with that, you said 1% you attribute towards competitive scenarios. Now, the amount that you told regarding the Indian Navy order, if you can attribute some percentage to that and whether this will be beneficial for us in the future orders of Indian Navy?
- Narasimhan R.:** Yes, it is around 0.5 percentage. Definitely that is a thought process that by bagging those orders which is of a significant for us. In the first time when we execute, we are this thing, but once we establish our credentials, then there is a potential that such orders could come in the future. And whatever the learning costs which we incur in the first year, obviously, we will not be incurring it for a similar product in future years. And we are eager to bag those orders and while in the initial years it could be a little bit on the lower side on the margins. Definitely, there is a huge prospects for such orders.
- Raj Shah:** Okay. Sir, any update on...
- Moderator:** Raj, I would request you to rejoin the queue for follow-up questions.

**Raj Shah:** Sir that was a follow up question. This is the second question that I am asking.

**Moderator:** Okay, please go ahead.

**Raj Shah:** Sir, any update on the INR200 crores aircraft carrier order that was expected in Q4 and next generation missile vessel orders in defence?

**Narasimhan R.:** Yes, one is that it is getting a bit longer time. So, probably Mr. Dipak Dalwadi, you can explain.

**Dipak Dalwadi:** Yes, that new generation Corvette, that is we are expecting the GSL and GRSE are expecting the orders anytime and we are expecting RFP by the Q3 of next financial year.

**Raj Shah:** And aircraft carrier orders sir?

**Dipak Dalwadi:** Yes and regarding this indigenous aircraft carrier that follow-up project is expected to be given to the shipyards in coming future and for that we can get the RFP in the Q1 of financial year 27.

**Raj Shah:** Okay, sir. This is not a question, but if you can just be more detailed in guidance regarding the segment wise guidance. Last quarter it was INR650 crores in MHE, INR2,000 crores in Gear. Similar breakup if you can give, that would be great?

**Narasimhan R.:** Yes, it is broadly around INR700 crores from MHE and the balance is towards the Gear division.

**Raj Shah:** Okay. Thank you, sir.

**Moderator:** Thank you. We take the next question from the line of Niraj Mansingka from White Pine Investment Management Private Limited, Please go ahead.

**Niraj Mansingka:** Sir, two questions. One is on the margins front, I think you have discussed that. But if you remove the Indian Navy margins, how much would the margins for the gear division come back to?

**Management:** Sorry, can you repeat again?

**Niraj Mansingka:** Sir, if you remove the exceptional lower margins in the Indian Navy, how much would the margins come back to on the gear side?

**Narasimhan R.:** You are looking at gross margin or net margin?

**Niraj Mansingka:** EBIT margin?

**Narasimhan R.:** EBIT margin if you remove that?

**Niraj Mansingka:** If you remove the lower margins of the Indian Navy, how much would the adjusted margins for the gear division be?

**Narasimhan R.:** Yes, so specifically probably we will come back to you and clarify to you specifically.

- Niraj Mansingka:** Sir it would be useful if you discuss here because how will the public know because public forum or you can just tell us some broad range because the margins fall has been quite large in the last five quarters in the company. So that is the reason I was asking you?
- Narasimhan R.:** It is around 2 percentage to 3 percentage.
- Niraj Mansingka:** Okay. The other question is in the last few quarters odd orders for the order intake has been good in the gear division. But the revenue reported for the gear has not increased. So our cumulative order book from March is increased from INR583 crores to INR811 crores. But our run rate of gear revenue has slowed down. What might be the reason and can we also correlate that the margin will be lower in the existing orders because there is as you said employee cost and other cost increase or those have been taken care of?
- Dipak Dalwadi:** See, for the answer to your first question, whatever orders we have booked in Q3, they are major for the power industries and their requirement are at the later stage. So all these orders will be executed in the next financial year. So that's why the order books are showing high, but the order executions, they have been deferred by the customers in the next financial year.
- Niraj Mansingka:** I got it. Any timeline you have a thought on when it will start, those revenues because the run rates have gone down quite low actually?
- Dipak Dalwadi:** From Q1 itself.
- Niraj Mansingka:** Q1 itself. Okay. And so last question on the US tariff, on the export, how are you managing it like would not you be impacted if the tariff status quo maintains?
- Narasimhan R.:** You're asking of the tariff and impact to us?
- Niraj Mansingka:** Yes, sir.
- Narasimhan R.:** Broadly, you know that as the US economy per se is not growing well. At the same time, while we are looking at more growth opportunities, the present revenue is not that much impacted. We are able to manage that due to the tariff implications.
- Niraj Mansingka:** Okay. Sir, and the question you did not...
- Moderator:** Niraj, I would request you to please join back the queue.
- Niraj Mansingka:** The question was not answered. Just one second. Sir, the question was that, the orders that you have in hand, do they have higher margins or do they have lower margins? The orders of INR811 crores on the Gear site?
- Narasimhan R.:** We'll work out that and clarify a little later point of time.
- Niraj Mansingka:** Okay, sir.
- Moderator:** Thank you. We take the next question from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:** Yes. Sir, I hope I'm audible.

**Dipak Dalwadi:** Yes.

**Saket Kapoor:** Sir, firstly, the small point is about our existing order book. The closing order book is at INR1,372 crores. So if you could just give us some color, what is the execution cycle? I think so you mentioned about some power companies order, which is there in the order book, but they will get executed for Q1.

And then, sir, you have also spoken about some product mix and absorption of cost because of the increased employee costs and others. So, if you could just give us some color, as the other participants have asked, how is the margin profile likely to be on the existing order book?

And lastly, sir, on the utilization level, since we have already done capex and we are also emphasizing further addition, what is our current capacity utilization levels for both the divisions?

**Dipak Dalwadi:** See, for the answer to your first question, actually, mostly orders are for EP divisions. So their execution cycle is around 5 to 6 months. So all orders will be executed mostly in the next financial year and starting from the quarter 4. So few orders will be executed in quarter 4 and maximum orders in next financial year.

**Moderator:** Thank you. We take the next question from the line of Rohan from Envision Capital. Please go ahead.

**Rohan:** Hello, sir. Thank you for the opportunity. So, sir, my question was broadly on the impact of increasing commodity price -- metal prices. So how does that impact our existing order book in terms of margins going forward? Thank you.

**Dipak Dalwadi:** See, as such, because of this demand situation in the existing markets, the price trends are more or less stagnant. So there is no such increment in the commodity markets. And because of that, our raw metal prices are almost stagnant. So there is no much impact because of the raw metal prices for getting the orders from the market.

**Rohan:** Sure, sir. But for our existing order book, you know, some of the metal we'll purchase right in future and at a higher price. So will we be able to pass this on to our customers?

**Dipak Dalwadi:** I don't think in the near future also there will be a price increase in the market for the metals and all the major commodity items. We don't see any increase because normally we look forward for the 6 months onward for the raw material prices for the booking the orders as well as the study of the market.

And that we find that there are no, it doesn't seem any increase or, I mean, major change in the raw material prices of the major category items of the, this commodity materials.

**Rohan:** No, no, absolutely, sir. So I am talking about the increase in commodity price that already happened. The metal prices that have gone up in the last 1, 2 months, I'm talking about that, sir.

**Management:** Yes, if you see...

**Dipak Dalwadi:** But we are also managing and having a good relationship with our suppliers. So we are managing the prices.

**Rohan:** Okay. Okay, sir. Thank you.

**Moderator:** Thank you. We take the next question from the line of Aman Soni from Nvest Analytics Advisory. Please go ahead. Aman, please unmute your line and proceed with your question.

**Aman Soni:** Hello, am I audible now?

**Moderator:** Yes, please go ahead.

**Aman Soni:** Sir, just a clarification on the guidance part. You mentioned most of the order book in the Gear segment will be getting executed next year, right? But at the same time, we are targeting INR1,800 crores in gear for this year.

If that number, we need to do around INR575 crores in last quarter, right? So out of the existing order book of INR800 crores, if we have to execute INR575 crores, that means we have to execute a significant portion in Q4 itself, isn't it?

**Dipak Dalwadi:** Yes. So we have lined up because now we are having good orders on hand. So we have lined up all our manufacturing activities and we are confident that we will achieve all the numbers what we have guided.

**Aman Soni:** No, no. Actually, I'm asking, while you are saying out of the existing gear order book, significant portion will be executed next year, right? Then how we will be managing like INR575 crores of execution in Gear division in Q4?

**Dipak Dalwadi:** See, we -- what I talked about that was for the engineering product. But for the catalogue products, we are having less manufacturing cycles of say 1 month or 30 days or 60 days. So for that, we are getting the orders and we will execute orders. And there is a very good orders in pipeline. So we will definitely execute these orders in the shorter lead time.

**Aman Soni:** So does that mean in Q4 also, we will be particularly executing more of catalogue products and that's why margins can be on lower side, because production is not getting things then?

**Management:** No, no, no. It is not like that. The CP orders which we are getting, we are executing in the same quarter. The EP product orders we get in September month in Q2, it will be delivered somehow in Q4.

And some orders we received in Q3 for the EP product, it will be delivered in Q4 only. So the mix of the CP and EP would be similar in Q4. But the EP products which we got in the December month only, that would be spillover in Q1 next year.

**Aman Soni:** And sir, in the last two quarters...



- Moderator:** Aman, I would request you to join back the queue for follow-up questions.
- Aman Soni:** Just a follow-up on the -- on this question on the margins part. Means in last two quarters, we have been speaking again and again about like product mix is getting impacted, product mix is getting impacted. So I just wanted to understand like when this picture will get cleared, like if that is going to be the case, like if we are facing any delay in execution of our engineering products, then our total margin profile is going to be suffered, right?
- Management:** Yes, this is the one case. The other case is that if you see the product and the service mix, so that also includes in the margins. So this quarter, that is another one case, the service portion from the revenue that also impacted the margins.
- But we have the good order in the service business also. So that will be executed in Q4. So that is not the case, Q3 the margins are lower. In the Q4, the EP products, CP products and the service, that will be mix of all the things. So margins, it will not like that, it happened in Q3. Have you got it?
- Moderator:** Thank you. We take the next question from the line of Senthil Kumar from Joindre Capital Services Limited. Please go ahead. Senthil, please unmute your line and proceed with your question. Since there is no response, we will move on to the next question, which is from the line of Sani Vishe from Axis Securities. Please go ahead.
- Sani Vishe:** Yes, so this is kind of a follow up on the earlier question - the question from the earlier participant. So at the end of Q2 also, we had a very strong order book and we were very confident about achieving good revenues in Q3 and Q4. But as it went, there were some external factors which were beyond our control and we could not achieve it in the Q3.
- Now again, we have a good order book and we are expressing confidence and very good performance in the Q4. So what is the change? What gives us the confidence that this time it will happen? And are there any similar risks that we will not be able to achieve this guidance?
- Narasimhan R.:** Yes, see, what happened is like what Mr. Ashish also said. For catalogue products, whenever we project, we factor in that from the time we enquiry to the execution, it takes about one month or so. So based on that, we considering the market scenario, we get the understanding of how the market is performing and accordingly factor that.
- And more since for the engineered products, there is more clarity, we are able to provide better clarity on that aspect. So therefore, depending upon how for that quarter it is fluctuating, we factor both the order on hand, how it will be executed plus the order intake, what we will be getting for catalogue products which will be delivered in the quarter. So this sort of mix and match fluctuates and that is what will be factoring in when it comes for revenue.
- Sani Vishe:** Okay. So simply say the confidence levels of achieving this guidance is higher compared to the earlier quarter. Is that right?
- Narasimhan R.:** Yes. The guidance, whatever we have spelled out with the revision, you would know what we have spelled out. That is achievable definitely.

- Sani Vishe:** Okay sir. Thank you.
- Moderator:** Thank you. We take the next question from the line of Ashwini Sharma from Emkay Global Financial Services Limited. Please go ahead.
- Ashwini Sharma:** Yes, my questions have been answered. Thank you.
- Moderator:** Thank you. We take the next question from the line of Juhi from Arihant Capital Markets Limited. Please go ahead. Juhi, please unmute your line and proceed with your question. Since there is no response, we will move on to the next question which is from the line of Manish Gupta from Equinox Investment Advisors. Please go ahead.
- Manish Gupta:** Sir, with the US trade deal being debated again and again and there is rather no clarity when it will be signed, what are the geographies where you are more optimistic about growth?
- Dipak Dalwadi:** Yes. We are more expecting the Middle East and the Europe.
- Manish Gupta:** Okay, and since China is also facing tariffs from US, they would be competing hard in these geographies as well. So, how is our competitiveness compared to China in these markets?
- Dipak Dalwadi:** See, you may be knowing that China, though they are competing, but they are not very good in the after-sales service. So, that's why we are not facing any competition from China in terms of the order executions and getting the traction from the Europe and the Middle East, because in the after-sales service, we are having an upper edge compared to China.
- Manish Gupta:** And the second question would be, sir, you moderated financial year 2026 guidance. So, beyond financial year 2026, what would be your guidance in terms of top line as well as how would you expect the margins to behave in the period after financial year 2026?
- Narasimhan R.:** Yes. Probably, in the current quarter, we will have to do the budgeting exercise wherein we get the inputs from both the divisions and the different markets. And then we will be able to spell out how we look at it in the next year.
- Management:** Generally, we do, we give our guidance in Q4 con call. So, we will maintain the same and we will spell out the next year guidance in Q4 con call. Thank you.
- Manish Gupta:** All right, sir, considering that private capex is just not taking off and geopolitics is kind of very, very volatile as far as export markets are concerned. So, do you feel there is a downwardness to growth in coming years for you or you expect things to normalize sooner rather than later?
- Dipak Dalwadi:** See, power industry has started now performing and they have now released, I mean, investments. Government is releasing investment in power. So, we are hoping good traction from the power industries. And even sugar industries are also expecting to pick up in coming months. So, we are expecting good traction from the sugar industries and also from the steel industries. And cement also started now showing some expansion. So, we are expecting good traction from all these segments.

**Narasimhan R.:** Since we are also spread out fairly well in different industries across this thing, any uptick and downturn on a few industries, we are able to manage that. And that is how we are optimistic that the growth will be better.

**Moderator:** Thank you. Ladies and gentlemen, we take that as the last question and conclude the question and answer session. I now hand the conference over to the management for their closing comments.

**Narasimhan R.:** In closing, I would like to thank all of you for joining us today and for your continued trust and support. While the Gear division delivered a resilient performance during the quarter, we are particularly encouraged by the strong momentum and long-term potential of the MHE division, which brings balance and incremental growth to our overall business. Even as we revise our near-term guidance, our focus remains firmly on disciplined execution, prudent capital allocation and strengthening our leadership in high growth segments.

We are confident in our ability to build on the current momentum, navigate short-term challenges and continue delivering sustainable value for our shareholders and all stakeholders. Thank you once again for your participation. Should you have any further questions, please feel free to reach out. Have a great evening. 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.