ELECON
GEARING THE FUTURE

18th July, 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 13th July, 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 7th July, 2026, please find attached herewith the transcript of the Earnings Conference Call held on 13th July, 2026 for Q1 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

Digitally signed by Isarani Bhartiben Lalitkumar
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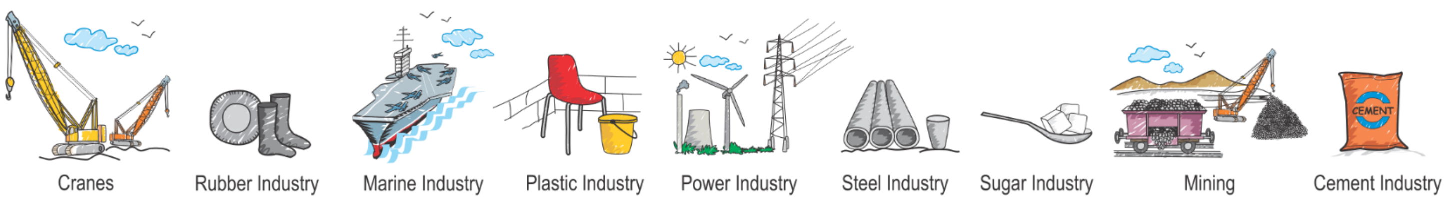
Date: 2026.07.18 15:39:09 +05'30'

Elecon Engineering Company Limited
V.V. NAGAR

Bharti Isarani
Company Secretary & Compliance Officer

Encl.: As above



"Elecon Engineering Company Limited
Q1 FY27 Earnings Conference Call"
July 13, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 13th July, 2026 will prevail

MANAGEMENT: **MR. CHINTAN SHAH – CHIEF FINANCIAL OFFICER – ELECON ENGINEERING COMPANY LIMITED**
MR. DIPAK DALWADI –HEAD GEAR DIVISION – ELECON ENGINEERING COMPANY LIMITED
MR. KAUSHIK PATEL –HEAD MATERIAL HANDLING EQUIPMENT DIVISION – ELECON ENGINEERING COMPANY LIMITED

MODERATOR: **MR. ABHISHEK TAPARIA – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

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

I now hand the conference over to Mr. Abhishek Taparia, Emkay Global Financial Services Limited. Thank you and over to you.

Abhishek Taparia: Good afternoon, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Chintan Shah, CFO; Mr. Dipak Dalwadi, Head of Gear Division; and Mr. Kaushik Patel, Head of Material Handling Equipment Division.

I shall now hand over the call to the management for the opening remarks. Over to you, gentlemen.

Chintan Shah: Thank you Abhishek. Good evening and a very warm welcome to Elecon Engineering's Q1 FY '27 Earnings Conference Call. Joining with me today are Mr. Dipak Dalwadi, Head of Business Gear Division, and Mr. Kaushik Patel, Head of Business for MHE Division. Our earnings press release and investor presentation have been submitted to the Stock Exchanges and are also available on our website. We will start by sharing an overview of our business. This will be followed by a detailed review of our financial performance, after which we will be happy to take your questions.

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

In our Gear division, Elecon continues to maintain a leadership position in India's organized industrial gear market, offering one of the industry's broadest product portfolios across sectors such as steel, cement, power, and marine.

Our Material Handling Equipment division is backed by over 75 years of experience. The division possesses the capability to design and manufacture large, complex, and high-capacity equipment such as wagon tipplers, stacker reclaimers, crushers, and specialized conveyor systems.

Our key differentiator is fully integrated manufacturing model where every critical process from drawing to design to manufacturing to testing to quality control is carried out under one single roof. Today Elecon serves customers across more than 95 countries through its domestic operations and overseas subsidiaries. It provides us with a diversified growth platform.

With that, I would like to hand over the call to Mr. Dipak Dalwadi and then to Mr. Kaushik Patel to discuss the performance of the gear and MHE division respectively.

Dipak Dalwadi: Thank you Chintanji. The Gear division which contributed nearly 80% of our consolidated revenue to INR416 crores during the quarter delivered a strong performance with revenue growing by 16.3% year-on-year. The growth was underpinned by steady execution of our order book and supported by a gradual improvement in the international market.

The international market has accounted for nearly 36% of our consolidated Gear division revenue showing a robust growth of 37.6% Y-o-Y. Similarly, the growth momentum can also be seen in our order inflows and our open order book. The consolidated order intake increased 18.8% year-on-year to INR570 crores during the quarter.

Moving on to our open order book, which currently stands at INR1,043 crores, is up 46.9% year-on-year, providing strong revenue visibility and giving us confidence in our growth trajectory over the coming quarters. This demand shown in across key user industries. However, the major key contributors were from power, steel, cement, and MHE. Specifically, the power sector has contributed approximately 27% in total order intake in the form of a large single order which was mentioned in during our Q4 FY26 con-call.

As we look ahead, the business environment continues to remain encouraging. Enquiry activity has been healthy and order inflows are showing steady improvement across both domestic and international markets. Demand across our key user industries continues to strengthen, providing greater visibility for rest of the financial year. We remain confident in Gear division's ability to build on this momentum and deliver sustainable growth going forward.

With that, I would like to hand over the call to Mr. Kaushik Patel, Head of our Material Handling Equipment division, who will take you through the performance of MHE business. Thank you.

Kaushik Patel: Thank you Dipak ji. The MHE division reported a marginal decline in revenue during the quarter with revenue moderating by 2.9% year-on-year. This was primarily on account of project execution delays. Nevertheless, the underlying business momentum remains encouraging. Our healthy order book and improving order inflow provide the strong visibility for the quarters ahead.

During the quarter, order intake witnessed a significant growth of 38.1% year-on-year reaching INR185 crores. The order intake was primarily driven by the strong demand from power, cement, followed by port, reflecting the continued investment momentum in these key end-user industries.

Our open order book stood at INR475 crores as of June 30, 2026, reflecting a 18.8% increase compared to the corresponding period last year. These indicators reinforce confidence in the division growth trajectory as project execution gathers pace. We continue to see encouraging enquiry activity across the key sectors which provides confidence in the medium to long-term outlook for the division.

We are pleased to share that the MHE division has secured a overseas order worth approximately INR21 crores in port industry, reflecting the growing acceptance of our capability in international market.

With that, I would now like to hand the call back to Mr. Chintan Shah, who will take you through Elecon's financial performance in greater detail. Thank you.

Chintan Shah: Thank you Kaushik bhai. I will now briefly review our consolidated financial performance for the quarter. Before I begin, I would like to highlight that all year-on-year growth comparisons are based on Q1 FY '26 adjusted performance. The Q1 FY '26 numbers have been adjusted to exclude the impact of INR25 crores towards arbitration award, the additional INR10 crores towards arbitration claim settlement recorded under other income, and also excludes the one-time exceptional income of INR80 crores arising from the unrealized mark-to-market gain on the reclassification of investment, which was recorded below PBT as exceptional income. Income of INR25 crores & INR10 crores, are pre-tax and INR80 crores is post-tax numbers that we have excluded.

For the quarter ended June 2026, Elecon reported consolidated revenue from operation of INR521 crores. This represents a healthy year-on-year growth of 11.9% over adjusted revenue of INR465 crores in Q1 FY '26. This performance was primarily driven by the gear division, which returned to a stronger growth trajectory during the quarter.

During the quarter, our revenue mix witnessed a shift. Our overseas business contributed INR151 crores, which was approximately 29% of consolidated revenue. This reflects the improving momentum across our international markets, while the domestic business environment remained relatively muted.

Despite a spike in input cost due to geopolitical tensions, our consolidated EBITDA remained resilient and grew by 3.9% year-on-year to INR109 crores. EBITDA margins remain stable and sustainable at 21%, reflecting the strength of our business model, disciplined cost management, and continued focus on the operation efficiency.

Profit after tax stood at INR70 crores with the margin of 13.5% registering a growth of 2.3% year-on-year.

Our consolidated order intake increased by 23% year-on-year to INR755 crores from INR614 crores in the corresponding quarter of the previous year. Our consolidated open order book also strengthened significantly, rising 36.8% year-on-year to INR1,518 crores, providing a healthy revenue stability for the quarters ahead.

Now moving on to the divisional performance, I will begin with our gear division. In gear division, we delivered a stronger quarter with revenue increasing to INR416 crores, up by 16.3% year-on-year. This reflects healthy execution and sustained demand across all our key markets. EBIT grew by 14.7% year-on-year to INR75 crores. Despite higher input cost during the quarter, we maintain a resilient EBIT margin of 17.9% through disciplined cost management and operational efficiencies.

Moving now to MHE division, MHE division reported revenue of INR105 crores during the quarter compared to adjusted revenue of INR108 crores in Q1 FY '26. This represented a marginal decline of 2.9% year-on-year. As highlighted earlier, the moderation in the revenue was primarily due to temporary delays in the project execution. EBIT for the quarter stood at INR27 crores, declining by 25.3% year-on-year.

This was largely due to sales mix during the quarter coupled with the increase in the input cost and delayed execution of few critical orders. However, the underlying fundamentals of the division remain strong and we are confident of the MHE business regaining the momentum in the coming quarters. The strength of our order pipeline, the healthy order intake, and robust enquiry levels provide us with the strong visibility and confidence for the quarters ahead.

Moving on to our overseas business, we delivered a strong performance during the quarter. This was supported by improving market conditions and gradual easing of geopolitical tensions. Overseas revenue increased to INR151 crores from INR124 crores in the corresponding quarter of the previous year. This registered a year-on-year growth of 21.9%.

The momentum was equally encouraging on the order front. Overseas order intake grew by 63% year-on-year to INR194 crores with INR21 crores contributed by the MHE division. Our overseas open order book is now strengthened significantly. It has increased by 73% year-on-year and it has reached to INR256 crores as of June 30, 2026. This provides healthy visibility for the future growth in this market.

Moving on to balance sheet and capital allocation, we continue to maintain a strong balance sheet with a net cash position of approximately INR700 crores. We also remain committed to our previously announced capital expenditure program of approximately INR400 crores over FY '26 to FY '28. The capex program remains on track.

As we progress through FY '27 and complete our first quarter, this is a time for us to provide full year guidance.

Given the ongoing macroeconomic uncertainty and limited near-term visibility, we are targeting to have a low double-digit consolidated revenue growth while maintaining the EBITDA margin as it we had it in the last year. This is supported by healthy order book, strong enquiry pipeline, and disciplined execution and we remain confident in our long-term growth prospects.

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

Moderator: Thank you sir. We will now begin the question and answer session. The first question comes from the line of Shubhi Gupta with Trinetra Asset Managers. Please go ahead.

Shubhi Gupta: Good afternoon sir. So my question is that our MHE division margins fell this quarter, so wanted to understand how much of that is from product mix change and how much is from the higher costs? My second question is that our 29% of our revenue is coming from international markets, so I wanted to understand does this business carry higher margin profile than the domestic business?

Chintan Shah: Yes, so coming back to the margin decline, there are three factors which has contributed to margin decline when it comes to MHE business. One is the shift in the sales mix, second is the input cost increase, and third is overall revenue degrowth.

Our data suggest that it's almost 2.5% to 3% margin decline is because of the input cost increase, almost 3% margin decline we see is because of the change in the sales mix, and the rest 3% we see the balance is decline because of the lower throughput volume for the quarter for the MHE division.

Coming back to the export market, we do have slightly higher margins on the products that we supply to the exports market and we continue to see that margin profile for the coming quarter also.

Shubhi Gupta: Sir, what should be the sustainable margins for MHE division going forward?

Chintan Shah: We are seeing a 22% to 24% EBITDA margin for MHE business for the year as a sustainable margin.

Shubhi Gupta: Just one more last question. So I see that we have few patents that we have applied for, so just wanted to know what are the commercial prospects for the same?

Chintan Shah: We have these patents which are we have applied for, but we would not like to openly discuss the kind of markets that we are targeting and the segments we are targeting as of now, so we'll remain silent on that.

Shubhi Gupta: Sure sir. Thank you.

Moderator: Thank you. The next question comes from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Sir, thank you so much for the opportunities. Sir, on the international revenue side, it's grown nearly 22% this quarter. Could you please talk about which are the geographies majorly contributed for this growth? Also, you can talk about Middle East impact on the international revenue side. Is there any specific end markets within Middle East regions like oil and gas and infra driving this weakness? And when we can expect the recovery in the Middle East side?

Chintan Shah: Right. So bulk of the growth that we see right now in this quarter has come from Middle East as well as US, and both these growth we have because some of the orders which were on hold in Q4 last year because of the improvement in the macroeconomic conditions, the hold has eased out and so we have started doing the dispatch. This is number one.

Number two, if we look at the open order book as well as the nature of and the quantum of the enquiries, we also see that both these regions witness a stronger traction. What was your next question?

Balasubramanian: In Middle East, like which are the specific end markets like oil and gas, infrastructure, which are the things we are seeing weakness and growth?

Dipak Dalwadi: Mainly it's cement and mining and minerals.

Balasubramanian: Yes. Sir, goodwill related to 2010-'11 Benzler Radicon Europe acquisitions was impaired. That balance sheet is around INR102 crores in FY25, it's reduced to nil in FY26. Also, a tax deduction of GBP1 million remains over 5 years in the UK entity. So I'm trying to understand or like does this goodwill impairment have any cash tax impact or it was purely a non-cash accounting charge? Whether we can expect any future tax benefits from this write-down? And is there any changes in our future acquisition strategy?

Chintan Shah: So I will break your question into two parts. One is the tax impact on the goodwill and secondly on the acquisition strategy. In the year ending on 31st March 2026, we did the impairment of goodwill, but we did the impairment in the consolidated financial statement. The goodwill which was recorded as an asset in the local books of accounts in UK entity, there is a tax deduction which is available and we have been claiming on a yearly basis by way of amortization.

So the accounting impact of the impairment of goodwill is purely a non-tax, there is no tax impact of this impairment of goodwill. There is a marginal amount of goodwill which is now left as a book value in a UK entity that we have it and we will continue to amortize over the balance years which are like 3 to 4 years now.

Coming back to the acquisition opportunities, we are not actively looking for any acquisition opportunity in European region, especially where the opportunity demands significant investment in a manufacturing setup. So this is what all we can communicate right now.

Balasubramanian: Okay sir. Sir, then thirdly small questions. On the defense side, if we are taking order, it would take execution of at least 2 to 3 years, while other sectors it might be less than a year. So I'm trying to understand what is the working capital cycle difference between defense and other sectors? Is there any upfront investment required in the defense side?

Chintan Shah: Yes, so we have done the investments over the last 3 to 4 years where we have kind of created a dedicated not just the manufacturing setup but also the business and operating vertical for the defense. In terms of working capital cycle, naturally if we have a execution timeline over 2 to 3 years, the working capital for that particular business will have a higher number of days.

But that being said, what we are communicating is that the total order that if at all we receive, we will execute over 2 to 3 years. So within those 2 to 3 years' time, we can always plan our manufacturing in line with the dispatch schedule and try and see how we can keep our working capital at the minimum level.

So in the past also we had similar execution of the orders where working capital was, increased by 15% to 20% compared to overall gear division that we had it. So this is how we see it right now. But at the same time with the margins slightly higher in those kind of orders, we'll be able to absorb the cost of the working capital interest for that particular business.

Balasubramanian: Got it sir. Thank you.

Moderator: Thank you. The next question comes from the line of Raj Shah with ENAM AMC. Please go ahead.

Raj Shah: Yes, am I audible?

Moderator: Yes sir, you're audible. Please go ahead.

Raj Shah: Yes, thank you for the opportunity. So my first question was regarding the margins. As you mentioned that in MHE there have been two-three reasons why margins have declined, but on console level also if we see there has been a decline in gross margins. So if you can explain in within gears why there was no margin growth despite having the revenue growth?

Chintan Shah: Yes, so within gear the margin growth has not happened because whatever growth that we could see that has been dragged by raw material price increase at the gear business also and that is the reason it has slightly lower margin or maybe I would say it's a same margin percentage in gear compared to last corresponding quarter.

At the same time what we see is that in a gear business for the full year last year we did a EBIT margin of about 18.8%. Right now we are at 17.9% EBIT margin. So we are hopeful that we will be able to regain the margin loss that we had we are seeing it right now. Similarly for MHE if you look at, if we compare for the last corresponding quarter, then yes there is a margin decline.

But we also had published over the last year the results on MHE division and categorically said that Q1 was a quarter with the exceptional margin because of the couple of orders that we had it. So if you look at MHE division for the full year FY26, we had EBIT margin of 24.7%. So against that we are at EBIT margin of 25.6%. So which is broadly in line with what we are we were expecting for this quarter and this year going forward. I hope this answers your question.

Raj Shah: Got it. Secondly on the revenue growth, I was not able to understand if our order book is up by 37%, our order inflows are up by 23%, I think we are running on record order books now, then why are we guiding only for low double-digit revenue growth?

Chintan Shah: I'll tell you what happens is this. This quarter Q1 and again the way we see Q2, we see the quarter with the high input cost and we are not talking about a minor increase, we are talking about significant increase in the raw material price. So with this kind of increase in the price, the time taken for converting the enquiries into order has significantly increased and that is the reason even if we had a good order book in Q1, we ended up with the very high order book and we could not convert the order book into the revenue. So this is number one.

Secondly in the Q2 also we are seeing that we will pick up, the market will pick up, but it will still gradually pick up. So we are expecting Q2 also with the improvement, but not that a stiff percentage improvement. So Q3 and Q4 is what we are expecting to improve significantly when it comes to market's acceptance of the stabilized prices.

Raj Shah: Okay, got it. And within material handling you mentioned that there is some even in the press release that there is some execution related temporary moderation that you are seeing. So can you go little specific in which kind of orders, is there any large order where you are seeing some kind of delays and by when, do you see the pace increasing to the normal?

Kaushik Patel: Yes, Kaushik here. In MHE yes, there are I think two big order we have. In fact in MHE let me give you the update, all the products are customized and the major business we are getting it from power sector. In fact what two orders I am talking about those are related to power sector. So normally design engineering taking much time.

In fact in this particular case in fact we were expecting to get our design engineering clearance I think in beginning of quarter in month of April itself, but somehow we could not get success. So design engineering taking much time for end customer and we are not directly linked with the end user, it is through the main contractor who are taking complete EPC. So there are number of hierarchy and that is the reason it is taking time. But, of course, over the period I think in quarter 2 yes, we will see some progress on it and we will get good amount of revenue in Q2 from those orders.

Raj Shah: Okay, got it. Lastly for this gears can you give us a break-up of catalogue and engineered products?

Ashish Jain: Sorry. So for the quarter catalogue product given the revenue mix is 54% for the catalogue product and for the engineered product it is 46%.

Raj Shah: Okay. Thank you. I will get back in the queue.

Moderator: Thank you. The next question comes from the line of Abhijeet Singh with Systematix. Please go ahead.

Abhijeet Singh: Yes, thank you for the opportunity sir. Sir, first question could you give us the split of the geographies in terms of the export revenues for the full year?

Chintan Shah: For the full year means you are seeing a guidance to be broken into respective geographies?

Abhijeet Singh: No sir, this year FY26 export revenue to be broken down into geographies?

Chintan Shah: Okay, FY26 to be broken down into geography. Okay, so almost INR66 crores we had it from Middle East, almost INR102 crores we had it from Radicon USA, UK contributed again INR102 crores, we call it Benzler Europe group where we had INR171 crores and Singapore about INR22 crores.

Abhijeet Singh: All right. Sir and in terms of the commodity price impact on our margins, so have we taken any price hikes in any of the segments?

Chintan Shah: Yes, so the most of the orders that we have accepted in Q1, these are with the price increase. And the moment we have the orders acceptance, we have a back-to-back strategic tie-ups with all our key raw material suppliers where we lock the raw material prices.

Abhijeet Singh: Right. I'm just trying to understand why in the MHE division we have seen a larger impact compared to the gear division. What are the dynamics that play out that bring out these differences?

Chintan Shah: So MHE as just we discussed, it's purely an engineering business there is no EP and CP. In gear we have a EP plus where more than 50% close to 50%, 54% comes from a catalogue product and in catalogue products we have a price list which is refreshed on every month by month basis.

So imagine a business where 55% of the revenue comes where the prices are always almost a latest prices and that's how your 50%, 60% of the impact is diluted. The second is the EP business where we have also had the raw material price locking which we had done it. So that's how the impact in the EP business is also reduced.

When it comes to MHE, what happens is that it is a business which involves a lot of customization and it includes a working at the project level. So when we are talking about the conveyor belt system, the wagon tippler, the crushers and everything, it is installed in a integrated way at the at the particular client's location.

So there even if we try to lock the raw material, there are also other components than the raw material which includes our delivery cost which is like fuel cost, packing material cost, so and so forth. So these are the reasons where we are seeing that there is a price increase impact which is broader in material handling equipment division versus what we see in a gear business.

Abhijeet Singh: Okay, thank you sir. And lastly, sir you mentioned that we have seen a large impact on the commodity front. But given our business I would assume the impact would be not as large maybe. So what would be the blended BOM increase in the in the cost, in the BOM cost?

Chintan Shah: So it all depends upon the product-to-product because see some of the so if I look at if I break down our key raw materials which are like cement -- which are like steel where we see 5% to 7% increase in a particular grades where we are operating. Some of the bearings we have about 6% to 7% increase, fabricated gear case in a case-to-case basis we do procurement from outside is about 7% increase and the tooling is also about 6% to 10%. So the combination of these materials can change the BOM cost, but on an average basis I would say there is a 5% increase the way we see as on today is a BOM cost increase.

Abhijeet Singh: Understood, sir. Thank you for answering the questions.

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

Pratik Kothari: Hi, good afternoon and thank you. So my question specific on the India or the standalone business in gears. I mean if we look at last few quarters the growth there has not been very high, I mean low single digits, while the order book etcetera has been building out. So if you can just call out, I mean these are some legacy orders which are not going through, customers is asking something because earlier our execution also used to be very quick. So just something about here what by the winning orders, the order inflow also is very strong, but the execution is not happening?

Chintan Shah: Yes, so if we look at couple of events which has happened last year, I will be able to relate it more with the last year. Say last year we had a good starting in Q1, but immediately from Q2 onwards we had the tariff from US side. That event significantly impacted the order pipeline that we had it.

And the Q4 event which happened between US and Iran. So two major event which has happened a gear division. Typically gear division compared to MHE, MHE has a long lead time and so whatever orders which we receive from MHE we are able to convert. In the gear which is not the case.

I mean if you look at CP itself catalogue product which is on a monthly price list basis, that also goes down that we are not able to -- we were not able to grow it the way we wanted and so is the EP. So even in the current quarter, even if we are sitting on a very healthy order book for the gear division, a bulk of the order has been received in May second part and the June.

And that is why we have not been able to convert these orders into the kind of the revenue that you would like to see. And that is the only reason we are having with the open order book of INR1,000 crores plus. During the quarter itself if you look at the quality of orders, we have the order for 27% for CP business and 73% for EP business. So that speaks about the volume drop and the huge order book that we have on hand.

Pratik Kothari: And on this segment's margin again. So like yes while you compare it to last year to those 18% odd, but this same segment used to report 24%, 25%, 26% margins. I mean one part I understand this depreciation and the cost I mean the capex that has gone through. EBITDA level on this standalone gears it's materially lower than what it was 2 years, 3 years back.

And just to supplement this we called out that EP order book like you said this quarter has been strong, last quarter also we had called out EP has been strong, exports should be stronger. So why only match last year's kind of margins? I mean and do we ever go back to those numbers that we saw for three-four years in mid-20s?

Chintan Shah: I think our immediate focus is on the current year where we are giving a guidance where we are saying that we'll be able to reach back to the margins that we had in the last year. If you ask me loosely speaking we should be able to maintain 24% margin EBITDA margin for gear division.

So, 1% above the current level about 18.8% is what we had in the last year, we should be able to somewhere around 19% to 20%, 20% on an average is what we are meeting at EBIT level margin for gear that is how we see it right now for a year plus one year from now.

Pratik Kothari: And lastly sir on exports from India, right? So for last three quarters we have seen material deceleration in exports. I mean last quarter we called out the war and hence we couldn't ship out things. Again this quarter I mean it's down 35%-odd. I'm saying exports from India which is sub-INR30 crores now. If you can just talk about what is happening there because this was a large focus area for us, we are focusing on OEMs, exporting things from here.

Chintan Shah: So we at an organization level, we look at the total exports rather than the exports from India. The reason is we also have set up the assembly centers, multiple assembly centers outside of India. So the whole reason of setting up these assembly centers is to have the customers connect and customers proximity.

So that's how we are seeing it. Nevertheless when it comes to exports we are expecting a growth from now. In terms of the overall growth we will see a double-digit higher percentage growth at least for this year when it comes to exports.

Pratik Kothari: And fair to assume this the assembly centers, these are all purely assembly, right? So the main manufacturing happens here in Anand?

Chintan Shah: Yes, but there are certain parts in those assemblies which are locally outsourced also because it is not cost effective for us to transfer from this location. So there is a lot of value addition which happens from those assembly centers.

Pratik Kothari: Correct, correct. No, fair enough. Thank you and all the best sir.

Chintan Shah: Yes.

Moderator: Thank you. The next question comes from the line of Prolin Nandu with Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: Yes, hi team. Thank you for giving me the opportunity. Just on this again the gear part, right, the mismatch between revenue growth and the order book growth and your guidance for the whole year, right? So you mentioned that you know there is a price inflation which has took place. Now last year also we called out that there have been some delays and the orders are more back-ended.

So when you think about the tenure of the order book or in what time this order book will convert to sales, how was it one year back, where is it right now? And from a point of view of the customer, right, like let's say for example he's building a large factory, now he's not going to stop his capex for a 5% 6% increase in the gear cost, right?

So all these delays that you talk about the whole idea is that our product is so small in the overall scheme of things that such costs should be easier to pass on, right, especially in the gears part. So is our understanding wrong in how in the quality of our product or where it goes in the entire factory or you know industrialization cycle and also has the tenure of the execution of order book increased significantly versus what it used to be historically?

Chintan Shah: So coming back to I think I will divide your questions into multiple parts. One is what your observation about average BOM cost increase of 5% and our gear portion in the overall capex population of the customer. Your observation is correct, but the problem that we have is a large part of our business is routed through PSUs and typically PSUs are dependent on many factors, the fiscal budgets released by the government and the fund allocation and all and not.

We have a dependency on sectors like thermal power, cement, and the steel and all the three segments are dominated by many PSU sectors. And therefore any macroeconomic conditions or even the conditions at our own economy level disturbs the capex plan and which in turn delays the kind of the projections that we see for the gear business. So this is number one.

Number two, if I look at the quality of order book today, almost INR1,050 crores order book we have open order book for gear division. Out of that we see almost INR160 crores of the order book which are beyond FY27. Which is in line with typically the kind of order that we receive on year-on-year basis. We do not see any major shift in this kind of timelines. So I hope I'm able to answer your question.

Prolin Nandu: No, so I want to double-check double-click on this, right? Steel, cement and power, right? In terms while I agree that in power it's lots of PSU, but in steel and cement most of the capex is done by private sector. And what is our share in, what is our share of the business which is coming from...

Chintan Shah: So I'll give you an interesting story, right? The large part of cement industry is growing because a lot of initiatives on infrastructure is taken by a government. So cement is dependent on couple of things.

One is the infrastructure and secondly you might have heard about government building lot of dams across the Chenab River, there are four to five projects large scale which is going on since last one and half year. So lot of factors like this drive the expansion and the cement industry and also the steel industry. And that in turn drive their capex plan and our growth plan.

Prolin Nandu: Okay, understood. What is the is there any competitive intensity which has gone up, right, which is taking us longer right for us to pass on the price increases in any segment do you see heightened competitive intensity? I am talking about the gear part of it, right, in a way. Anything that you want to call out, some of the MNCs are putting local plants here, right? So is that any which ways affecting our competitive position and our ability to pass on the increase in prices?

Chintan Shah: So there are two events happens whenever there is a abnormal price increase. The market works towards the corrections and then towards the acceptance. We have seen Q1 as more of a corrections and Q2 is more of we are seeing Q2 is more of a acceptance. Now let us take an example what do I am trying to convey.

Whenever there is a stiff price increase, the customer gets the quote and whenever the customer gets a quote, he would like to revalidate as much as possible. So there'll be always few players in the market who will be sitting on with the higher inventory. Higher inventory at a lower price or at the historical prices. And therefore the customers will try to squeeze Elecon as a company by taking the advantage of some of the competition sitting on the higher inventory.

So typically whenever there is a price increase of this kind of scenario happens, the market works towards the correction where the inventory level gradually goes down and every player in the market will then end up with the similar level of prices for their inventory. So we are moving through that phase.

In Q2, we are looking over looking forward to have the acceptance phase. When it comes to the competition landscape where some of the multinationals are putting their facilities and doing expansion, I have Mr. Dipak Dalwadi to focus more on that. So Dipakji can you please add on that?

Dipak Dalwadi: Yes, actually for this kind of competition and for the gear being a product for the catalog product it's the manufacturing cycle is two to three months and for engineering product it's four to five months. So even in the competitions, whatever orders are on hand we are taking and protecting the price. But for the new projects, definitely there will be a price pressure from the MNCs and all the competitions.

But it's a strategic call we are taking and at the same time we are the preferred suppliers to all our industry segments being a quality and being a having a infrastructure which can produce at a very quick time compared to the competitor . So being a preferred suppliers, we can take care of the price and at the same time we are competing with the MNCs even though if they are offering at a competitive price.

Prolin Nandu: Thank you. One last set of questions, right? On the export side, now our relationship with the OEMs have increased, right, in terms of number of OEMs we have relationship with, right? When do you think is the time to monetize these relationships, right?

Because Europe in in some sense is going through the whole you know cycle of increase in defense spending, some increase in, you know, industrial cycle as well. So, are we seeing more near-term opportunities to monetize some of the relationships that we have with OEMs on the export part?

Chintan Shah: So, as you rightly said and as I explained in one of the questions earlier that we have grown in in the Middle East as well as USA. We are expected to grow in both these regions based on the earlier signs that we see based on the enquiry and the open order book. In the European market we are still expecting the traction to happen. Based on the early feelers, it looks like two quarters minimum that we see for the European market to bounce back.

Prolin Nandu: Thank you so much management. All the very best.

Chintan Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Garvit Goyal with Serene Alpha. Please go ahead.

Garvit Goyal: Hi, thank you for the opportunity. Most of my questions are answered, but I still wanted to get more clarity on the demand side. Two things are there. Number one is the international market where the tariff situation is more of clear now as compared to last year and government has signed many FTAs now specifically with the European and domestic side of it we are seeing steel, power, defense, shipbuilding, all are doing well.

I also want you to put some color on sugar how you are seeing the outlook there on. So, considering all these all these things and also the orders order book that we are getting, right? And why we are thinking about again this lower double-digit that again is not making sense from our perspective because demand environment is good and what I understand is if a company in a good demand environment and capability like you people, right?

You've been working for so long time and the in the kind of capability in the kind of market share do we have, why we are not able to reap the fruit from this? That's what I wanted to understand sir.

Chintan Shah: See when we look at the lower double-digit growth percentage, we are doing that projection for the full year of FY27 where we have already lost Q1 and Q2 also as of now as we speak, we are seeing improved traction but not that significant improved traction. In fact, there are too many variables which are still playing around.

If you look at last 48 hours event itself, the intensity between US and Iran again has picked up. So, these kind of things are still not giving us enough comfort for the full year guidance and this is the reason we are little conservative in the numbers that we have and we want to be conscious in whatever communication and the expectations that we set for our shareholders for the year.

Garvit Goyal: Okay. And regarding the pass on like previous participant also raised this question, 5% increase for our kind of company should not be a big problem in passing on, isn't it? Like are you really facing some challenges even in the domestic market in the terms of the competitive intensity that you people are not able to pass on the same? Is that the situation right now?

Chintan Shah: So, as you rightly said and as I explain in one of the questions earlier that the Q1 we see at as a quarter with the consolidation where the some of the players in the market were sitting on the inventory with the very traditionally historical low cost and so we had a stiff competition.

But nonetheless given the legacy that we have, the 75 plus years of experience that we have now, the proven track record that we have, we still carried a significant competitive edge and we have been able to get the orders. And this is the reason that we have the high order books to start for the upcoming quarters.

Garvit Goyal: Okay. And what is the update on the defense side of it? We were expecting some orders there on and also from the shipbuilding side of it sir?

Chintan Shah: So, there is no significant update in last 90 days. So whatever guidance we had the update that we had in in the call that we had given in April versus today, there is no significant movement. The same update.

Garvit Goyal: Okay. And how's the outlook on sugar side of it after this ethanol blending is getting further traction? So how are you looking from the perspective near to medium term?

Dipak Dalwadi: See, so far sugar sector is concerned this year the monsoon has again I mean the prolonged and the it's not a good rain situation what we are experiencing. So far sugarcane crop is concerned, the sugar season is not anticipated the good traction. But we are hopeful that if ethanol idea and ethanol is working well, then again, the sugar plant can be expanded and we can have a better traction from the sugar. But as of today, because the rain is not as expected, so sugar is muted actually.

Garvit Goyal: Okay, okay. And sir, are we looking to get some certifications in like aerospace kind of area? Means is it possible is it a possibility going ahead?

Dipak Dalwadi: No, so far in aerospace still we are not so deeply working on it.

Garvit Goyal: Got it, got it. That's it from my side. All the best for the future. Thank you.

Chintan Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Vaibhav Mehta with Axis Mutual Fund. Please go ahead.

Vaibhav Mehta: Hi sir, thanks for taking my question. Sir, while we have given low double-digit growth for FY '27, sir my question was from long-term and medium-term perspective. We might not be able to give exact guidance in terms of number, but what are our aspirations for the same given the fact that we are doing significant capex around INR400 crores till FY28? And sir secondly with regards to that, I would want to understand the split of capex between Gear and MHE Division if you can provide the same.

Chintan Shah: So, coming back to the lower double-digit growth for this FY27, as I said it's a conservative and as the things improve, we might even revisit in a next quarterly call that we have. This is number one. Number two, when it comes to now the mid-term guidance, we had set the target of reaching to 5000 crores in a top line by FY30.

That target looks challenging but still achievable for us given the fact that we are targeting couple of large enquiries from marine, given the fact that we are targeting expansion in export territories, and given the fact that we are still sticking to our capex plan what already has been committed and we are further evaluating other capex which we will seek the board's approval in a near future's time. So, this is the mid-term guidance that we would like to stick to.

Vaibhav Mehta: Sure sir, thanks. And split between MHE and Gear Division.

Chintan Shah: We are expecting Gear to take a larger role. The kind of revalidation that we have done internally for the numbers that we would like to achieve by FY30, we expect Gear to be almost 70% - 75% of the total revenue in FY30 and almost 25% to 30% for MHE for the overall revenue in FY '30. And when we say Gear, Gear will also include the marine business.

Vaibhav Mehta: Got it. Thank you.

Chintan Shah: Yes, thank you.

Moderator: Thank you. The next question comes from the line of Sanjay Ladha with Bastion Research. Please go ahead.

Sanjay Ladha: Yes, hi sir. Thank you for the opportunity. Sir, my first question is on so you know the last quarter you said that the INR77 crores revenue would be shifted to Q1 FY27. So, the Gear division which we see the growth is largely because of last quarter deferment of revenue or is there something else attached to that?

Chintan Shah: Yes, so this quarter we had the revenue carry over of the last quarter as you rightly said. And at the same time what happened is that during the quarter, since we had delayed receipt of the orders, and also clearances from the customer, this quarter also we have FGs which were like INR70 crores which we could not convert into the sales.

And let me tell you these all FGs were dispatched before 30th June, but because of the India AS compliance that we have to do in terms of the cut-off for the sales, we could not do the revenue recognition because the timeline for those goods to reach to the customers and conversion of title from us to the customer, that criteria we could not meet it. And again, as I said, it is just because the delayed clearance from the customer and delayed receipt of the order which typically happen in the in the later part of the quarter.

Sanjay Ladha: Sure. Sir, another question would be, you in the last quarter as well and the last year as well, you said that, this Naval gearbox project has an impact of 1% or 2% due to learning and manufacturing cost. So, are these costs now largely behind us going forward?

How do we see a gear division margin because as MHE division margin you rightly said that it roughly around 22% to 24% you are expecting. But is there any ballpark number or range expectation for gear division margin is there any?

Chintan Shah: So, let me break your questions into multiple parts. The first part is about the cost that we had, where there was an impact on the margin for 1% or 2% when we were executing the one of the naval orders. I think that order was way back and that order has already been executed. The reference to that cost came because we were discussing on the anticipated large orders, and there was a question on whether we will have a good margin on those orders or we will have a margin similar to what we had in the executed order.

So, we responded that, the first of the kind order that we had, it was more of we had a lot of learnings and lot of engineering back and forth, and so we had a lower margin compared to what we were targeting. And if we receive the similar orders, we will have an edge because we already have our own curve of learnings, we already have the detail engineering done for the similar products that we have supplied. So, this is one. In terms of the margin guidelines for the gear, we expect gear EBITDA to be in the range of about 24%. So, this is how we would like to maintain. Yes.

Sanjay Ladha: Okay. And sir my last question would be, in the last year we said that Q3 onwards, we are expecting some order from Naval or defense probably if I am not wrong. The INR1000 crores order book which you guys mentioned in the last year, is that is that timeline attached to that or are we seeing some difficulty going forward?

Chintan Shah: So, in our guidance on our call for the Q4 last year, we said it that, these orders the enquiry of these orders are likely to be released in Q4 of this year. So as on today, we maintain the same communication.

Sanjay Ladha: Okay sir. Thank you. Thank you so much for answering.

Chintan Shah: Yes.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Chintan Shah: Yes. So, thank you all for your participation and continued support. As we discussed, the Gear division delivered a strong start to the year, driven by healthy demand and execution, while the MHE division continues to be supported by strong order pipeline despite a relatively softer quarter. This is supported by robust order book, strong balance sheet, and continued focus on operational excellence.

Based on this, we remain well positioned to pursue sustainable growth and create long-term value for our stakeholders. We appreciate each of you for your continued support and continued interest in Elecon Engineering, and look forward to speaking with you again next quarter. Thank you and have a good evening.

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