"Kanohar Electricals Limited

Q2 and H1 FY27 Earnings Conference Call"

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MODERATOR: **MS. TEENA VIRMANI – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 Earnings Conference Call of Kanohar Electricals Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

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 this conference call, please signal an operator by pressing star then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Teena Virmani from Motilal Oswal Financial Services Limited. Thank you and over to you, ma'am.

Teena Virmani: So, hi, thank you. Good afternoon, everyone. On behalf of Motilal Oswal Financial Services, I welcome you all for Kanohar Electricals Q2 FY27 results conference call. I would like to thank the management for giving us the opportunity to host the call. From the management side, we have with us Mr. Abhishek Singhal, Whole-Time Director, Mr. Vivek Singhal, Whole-Time Director, Mr. Shiv Kamboj, CFO. Without taking much time, I hand it over to Mr. Abhishek for his opening remarks and after that, we will open the floor for Q&A. Over to you, sir.

Abhishek Singhal: Thank you, Teena. Good afternoon, everyone, and a very warm welcome to our Q2 and H1 FY27 earnings call. Joining me today are Mr. Vivek Singhal, Whole-Time director, and Mr. Shiv Kamboj, our Chief Financial Officer, and our investor relations advisors, SGA. Our investor presentation has been uploaded on the stock exchanges and the company's website. So, I hope you all have an opportunity to review it.

Since our Q1 earnings call was held less than a month ago, I will keep the industry update brief. So, the outlook for the power transmission sector remains encouraging, supported by investments in transmission infrastructure, renewable energy integration, and grid modernization. The approval of the Green Energy Corridor scheme and the continued focus of state transmission utilities on strengthening their networks are positive developments.

Railways also remain an important opportunity, particularly as the adoption of 2x25 kV traction system creates demand for Scott-connected transformers. At Kanohar, we believe we are well-positioned to participate in these opportunities. As we have highlighted previously, manufacturing capacity alone is not sufficient to qualify for large and technically demanding utility and railway tenders.

Short-circuit certification for specific ratings and an established track record are critical entry barriers. We have completed more than 200 successful short-circuit tests and are among the few Indian manufacturers qualified for 500 MVA 400 kV power transformers and the 100 MVA 220 kV and 132 kV Scott-connected transformers.

These qualifications enable us to participate in technically demanding segments of the market. Coming to our performance, Q2 FY27 was a good quarter for us. Revenue from operations

grew 112% year-on-year to INR208.6 crores. EBITDA margin was 35%, while PAT margin stood at 25.8%. For the half-year H1 FY27, revenue grew 109% year-on-year to INR345.7 crores. EBITDA margin was 32.3% and PAT margin stood at 23.5%.

For the full year, our EBITDA margin guidance remains broadly in line with FY26 as given earlier. The top-line growth was driven by higher manufacturing volumes and a better business mix. Our transformer business contributed nearly 88% of the revenue in H1 FY27 compared to the approximately 76% in H1 FY26, reflecting our continued focus on manufacturing, which remains the core of our business.

Power transformers contributed approximately 56% of our total revenue in H1 FY27, registering an year-on-year growth of 88%. They continue to be the backbone of our business, supported by investments in transmission infrastructure at both central and state levels. Shunt reactors were another important contributor this time, accounting for approximately 22% of H1 revenue compared to the negligible contribution in the corresponding period last year.

Their share in the Q2 was about one-third of the revenue. As renewable energy capacity expands and grid infrastructure evolves, we expect shunt reactors to remain an important growth opportunity for us. Scott-connected transformers for railways contributed approximately 9% of H1 revenue. Our product mix also reflects a shift towards higher voltage equipment. 400 kV products contributed around 56% of our total revenues in H1.

Products rated 220 kV and above, including 400kV, accounted for nearly 78% of total revenue in H1 FY27 compared with approximately 53% in H1 of FY26. This increasing contribution from higher voltage and technically demanding products is consistent with our strategy and is reflected in our operating performance.

Moving to the order book, we received orders worth INR867.3 crores during Q2, including a large order exceeding INR250 crores from a central PSU. As of 30th September 2026, our order book stood at INR2,711.2 crores, an increase of 34% over the end of Q1. This provides good revenue visibility over the next 24 to 30 months.

Power transformers account for approximately 78% of the order book, while shunt reactors contribute around 10%. On capacity expansion, the planned brownfield expansion at our Gangol facility remains on track, with completion expected by the beginning of FY29. Looking ahead, the first half has been encouraging, supported by strong growth and a healthy order book.

Traditionally, the second half of the year is stronger for our industry, and we expect this seasonality to continue. We expect to achieve our previously communicated FY27 revenue guidance of approximately INR950 crores with a full-year EBITDA margin profile broadly similar to FY26.

We expect 400 kV power transformers to remain our largest product segment, with shunt reactors and Scott-connected transformers also contributing meaningfully. With that, I will hand over to our CFO, Mr. Shiv Kamboj, to take you through the financial performance in greater detail. Thank you.

Shiv Kamboj: Thank you, sir, and good afternoon, everyone. Let me now take you through the key financial and operational highlights for the second quarter and first half of FY27. In Q2 FY27, revenue from operations was INR208.6 crores, up 112% year-on-year. Transformers contributed 89.5% of revenue and EPC 10.5%.

Gross profit was INR95.4 crores, representing a gross margin of 45.8%. EBITDA was INR73.1 crores, up 167% year-on-year with a margin of 35%. PAT was INR53.9 crores, up 180% year-on-year with a margin of 25.8%. For H1 FY27, revenue from operations grew 109% year-on-year to INR345.7 crores.

Gross profit grew 114% to INR152.9 crores, representing a gross margin of 44.2%. EBITDA was INR111.8 crores, up 162% year-on-year with a margin of 32.3%. PAT was INR81.2 crores, up 165% year-on-year with a margin of 23.5%. Growth came from higher volumes and a higher revenue share from the manufacturing business.

Shunt reactors for renewable grid integration also made a meaningful revenue contribution alongside our 400 kV power transformers. For Q2 FY27, by end-user segment, power transmission was 57.1% of revenue, renewable energy 34%, railways 7%, and power distribution 1.9%. By voltage, as a proportion of total Q2 revenue, 400 kV transformer contributed 46.6%, 220 kV 34%, 132 kV 7%, and below 132 kV 1.9%.

As of 30th of September 2026, our order book was INR2,711.2 crores, up 34% from INR2,026 crores as of 30th of June 2026. Coming to the balance sheet, trade receivables reduced to INR141.6 crores from INR210.8 crores, supported by healthy collections, while inventory stood at INR196.8 crores as we prepare for higher execution in the second half. On debt, total borrowings came down to INR28.1 crores from INR39 crores rupees as at 31st March 2026. With that, I conclude my remarks and we will now open the floor for Q&A.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Mihir Manohar from Trust Mutual Fund. Please go ahead.

Mihir Manohar: Yes, hi. Thanks for giving the opportunity and congratulations on great set of numbers. Very, very good numbers. Sir, I just wanted to get a sense on the margins. I mean, we are having 35% EBITDA margins, 45%, 46% gross margins, quite high across the industry that we are reporting. Just wanted to get a sense in what are the key reasons for it.

I mean, we understand that 400 kV larger portion, Scott as well as shunt reactors. But if you can throw some color, some actual light as to how are the margins different in a 400 kV segment versus 220 kV, as to is the difference really that large? Just wanted to get some clarity on it. And are the margins in the order book that we are having, are they on the lower side or are they similar towards what the business we are currently having?

Abhishek Singhal: Yes, so as stated previously, we are focusing on the premium segments in the market. So, those are like power transformer 400 kV and the shunt reactors and the Scott-connected transformers. So, all of these have broadly a similar margin profile and that is what is reflected in our results. And to answer your second question, the order book that we have has a broadly similar margin profile to the one that we have we have already executed.

Mihir Manohar: Sure, sure. Just I mean on this side, so not for not for you because for us 220 kV is a smaller number. But let's say from an industry perspective, according to you, what are how are the gross margins different for a 400 kV versus a 220 kV segment?

Abhishek Singhal: See, we won't have a particular number, but in a general way, if you look at the power transformer segment alone, then the gross margin profile of let's say a 400 kV and 765 kV would be different from let's say a 220 kV and 132 kV.

Mihir Manohar: Sure. And this is what, a 600 basis points, 800 basis points kind of a difference or the difference is lower than that?

Abhishek Singhal: That is hard to quantify. It's only a qualitative thing that we can we can tell.

Mihir Manohar: Okay, sure. Sure. And second thing was just on Scott transformers. What is your thought on this industry and how do you see your business evolving in the Scott transformer space here?

Abhishek Singhal: So, as we highlighted in a previous call, you know, railways has put a great amount of focus on implementing high-speed railways, both on the existing lines as well as newer lines that they will be putting up. And that's about 1,000 traction substations in the next 5 to 10 years, which translates into roughly INR20,000 crores of market opportunity.

So, I mean, it is going to be a meaningful contributor. How soon that translates into revenue is hard to say because the railways has given out or is in the process of starting out giving the EPC tenders. And then once those EPC tenders are awarded, then those EPC players would be in the market to buy out the transformers. So, it would eventually translate into revenues, but it's hard to say exactly in which quarter or in which year it gets reflected in the numbers.

Mihir Manohar: Sure, understood. That's it for my side. Thank you.

Moderator: Thank you. The next question is from the line of Vidit Trivedi from Asian Market Securities. Please go ahead.

Vidit Trivedi: Hi, sir. Thank you for the opportunity and congratulations on great set of numbers. Sir, just reiterated that you know, the top-line guidance stands at almost INR950 odd crores for FY27, while in H1 we have done almost INR345 odd crores. So, just wanted to check given the current order book, executable timeline has been inched up to almost 24 to 30 months. What are the key projects and deliveries that you know, will drive this acceleration and does the INR950 odd crores top-line guidance still hold?

Abhishek Singhal: Yes. So the order book that we have, like we mentioned, the delivery that to be done in 24 to 30 months. And so for this year, the INR950 crores guidance still stands.

Vidit Trivedi: Got it. Sir, secondly, on the order book. So the executable timeline you have inched up to almost 24 to 30 months. So, is this due to large order sizes and longer delivery schedule or are there any manufacturing constraints and what proportion of the order book is executable over '28?

Abhishek Singhal: So, this is mainly due to the order sizes and the deliveries in those orders. So we already mentioned that in the previous call that a similar year-on-year growth can be expected going forward in FY28 as well. But Yes, so that is the only thing we would say about FY28.

Vidit Trivedi: Got it, sir. And just wanted to squeeze one more question. So, would it be possible for you to call out the margin profile in 400 kV, 220 kV, and 132 kV transformers? That's the last question.

Abhishek Singhal: It's actually the same question as in the last one, so I will have the same answer that qualitatively the margin profile is different in 400 kV and 765 kV versus 220 kV and 132 kV.

Vidit Trivedi: Any ballpark number if you can give, that's what I am asking?

Abhishek Singhal: Hard to say.

Vidit Trivedi: Got it, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Jainam Vora from Saltoro Investments. Please go ahead.

Jainam Vora: Hello, am I audible?

Moderator: Yes, Mr. Vora, please go ahead.

Jainam Vora: Yes, congratulations on a great set of numbers. My question is regarding the current order inflow that we are having. Within that, what are the pressures that we are seeing because of the incumbent's increasing capacities or are they to a similar margin profile that our current order book is at? That would be my first question.

Abhishek Singhal: So, right now we are seeing stable margin environment.

Jainam Vora: Okay. Despite the increase in capacities, you are not seeing any pressure or the raw material price increases, you are not seeing any pressure in the tendering activity. Is that a fair conclusion?

Abhishek Singhal: Yes, on account of that, there is no pressure on the margin profile.

Jainam Vora: Understood. I wanted to also know what was the MVA sold in this particular quarter and what is the capacity utilization of our current lines?

Abhishek Singhal: So, MVA sold was about 2130 MVA approximately in this quarter.

Jainam Vora: Okay. 2130. Okay. And capacity utilization, sir?

Abhishek Singhal: So, capacity utilization, if you calculate on 19,200, it will come up to about 10.5% in this current quarter.

Jainam Vora: So, given the kind of order book and given the kind of timelines, how are we planning to ramp up our capacity and can you explain why our capacity utilization was so low for this particular quarter because you got the orders in hand, so I am not able to understand.

Abhishek Singhal: Yes, so actually, if you look at on so 19,200 is annualized. So, that will come to about, if you do on a quarter basis, it will come to about 5,000 odd. And so then on a quarter basis, this is not that low. That is one. And second thing is that, we have already made up our plans for the trajectory that we are on. On this trajectory, we will need additional capacity in FY29, and that's where we have planned the brownfield additional capacity to come up online by then.

Jainam Vora: Got it. My last question is on the demand-supply dynamics.

Moderator: Sorry to interrupt. May we request you to return to the question queue for a follow-up.

Jainam Vora: Sure. Thank you so much, wishing you a very happy Diwali and all the best.

Abhishek Singhal: Thank you.

Moderator: Thank you. The next question is from the line of Jenish Karia from Union AMC. Please go ahead.

Jenish Karia: Yes, thank you for the opportunity, sir, and congratulations on a fantabulous result back-to-back in first quarter and second quarter. So, the question is more on the margins front. Is there any one-off in the first quarter or first half margins that we have shown such good improvement in margins?

Abhishek Singhal: There is no one-off as such, but having said that, it will be fair to say that there is variation in the, quarter-to-quarter or order-to-order kind of margins. And so that is the reason why we have maintained the full-year EBITDA margin guidance at basically the same level as FY26.

Jenish Karia: So, I understand that thing, but given the order book is more or less similar to what we have executed in 400 kV and 220 kV higher margin orders and second half is generally better resulting in better operating leverage, aren't we being too conservative guiding a 27%, 28% margin versus a 32% run rate in first half?

Abhishek Singhal: I appreciate it. We understand that volume leads to operational leverage, but then again, as I mentioned, there is variation between quarters and orders and also some operational expenses, on a full-year level. So, keeping all that in mind, we are being on the prudent side to actually guide towards the EBITDA margin level in similar territory as in FY26.

Jenish Karia: Understood, sir. It's better to be conservative and surprise the market rather than disappointing it. All the best, sir, and happy Diwali.

Abhishek Singhal: Thank you, same to you.

Moderator: Thank you. The next question is from the line of Harsh Kothari from MK Securities. Please go ahead.

Harsh Kothari: Hello. Congrats for a good set of numbers. So, I had two questions. One is on the top-line also, since we have around INR2,700 crores order book and the first half Y-o-Y growth has been also more than 50%. So, are we not conservative in the revenue guidance for the full year?

Abhishek Singhal: So first half is typically softer and so we have already taken that into consideration. But if you look at the last year FY26, there the first half revenue was roughly INR175 crores and the full year was INR650 crores. So, I mean, the same proportion, it will not be fair to assume that we can achieve the same kind of proportion between H1 and H2. So, this INR950 crores number is based on our current projection and current production plan. So, we expect to be able to achieve it.

Harsh Kothari: My question was, are we not too conservative in INR950 crores guidance considering the last year H1?

Abhishek Singhal: It's a fair side given that same kind of proportion may not be possible to achieve in every year.

Harsh Kothari: Okay. Understood. And on the just on the margin front, typically, now we have the same from the last participants were saying, we have achieved 30%, 32% margin and since 400 kV orders are more or less similar margin and we do have variable price cost. So, couldn't this year we achieve a margin north of 30%?

Abhishek Singhal: So, basically, this is the same question as the last one and so I already explained that, due to variations between quarters and between orders and full year operational expenses, we think it's to be prudent, we have to maintain the guidance at the same level as the last year.

Harsh Kothari: Okay. So, maybe a post Q3, if there is chance, we can upgrade the guidance, right?

Abhishek Singhal: Yes, that time we will be in a better position perhaps to have crystal gaze the full-year number.

Harsh Kothari: Okay. Thank you. I will join back in the queue.

Moderator: Thank you. The next question is from the line of Rutu Chavan from PhillipCapital. Please go ahead.

Rutu Chavan: Hello. Congratulations for the good set of numbers. I actually wanted to understand what is the realization per MVA between transformers that we get the power transformers versus the shunt reactors and the Scott transformers?

Abhishek Singhal: See, revenue per MVA is a very misnomer kind of a number. As a general rule, as the MVA goes up, revenue per MVA goes down. So, I mean, you cannot compare that okay, or you can't try to get at a gross margin profile just by looking at a revenue per MVA number.

Rutu Chavan: Okay, because I was just calculating the revenue per MVA for Q1 and Q2, it was around INR0.8 million per MVA in Q1 versus INR0.98 million per MVA in Q2. But historically, it has been in the range of INR0.62 million.

Abhishek Singhal: Correct.

Rutu Chavan: Which is what I was trying to understand.

Abhishek Singhal: So, it moves on account of two things, or maybe three things as well. So, it moves on account of the specific rating mix. So, the rating mix has kind of changed because of more number of shunt reactors as we talked about. And then it also moves due to the raw material movement. So, if you compare from last year, then there is a bit of movement on that account.

Rutu Chavan: Understood. Thank you so much. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Levin from ValueQuest. Please go ahead.

Levin: Yes, hi, sir. This is Levin. Thanks for the opportunity. Sir, my question is on this shunt reactor. So, if you can help us explain how large this market is and as we understand these are like the current execution that we have done is for 220 kV, right? And correct me if I am wrong here. And how large the market would be and what would be the typical rating for shunt reactors?

Abhishek Singhal: Hi. So, roughly the market is around 30,000 MVAR. And the typical ratings are like 50 MVAR, 63 MVAR, 80 MVAR, 125 MVAR. Higher ratings being in 420 kV and the lower side being in 245 kV.

Levin: Okay. And the current execution that we have done is broadly 245 kV?

Abhishek Singhal: Yes, some bit of 420 kV as well, but broadly 245 kV. Yes.

Levin: And my second question is on the capacity expansion plan that we have. So, currently our capacity is 19,200. We are almost doubling this capacity, right? So, will it come in phases and or will it be all together in FY28? So, what would be the timelines and phases in which these capacities will come?

Abhishek Singhal: On the ground, it might come up in phases, but our current capacity is sufficient until FY28. In FY29, we will need the additional capacity and so before that time, it will be ready.

Levin: By FY29, we will double our capacity?

Abhishek Singhal: That's correct.

Levin: Okay. Thanks, sir. I will come back queue.

Moderator: Thank you. The next question is from the line of Akash Rawal from Sanghvi family office. Please go ahead.

Akash Rawal: Thank you, sir, for the opportunity and congratulations on very strong numbers. So, sir, just wanted to understand how is the order pipeline shaping for a transformer reactor and scott transformers as of now, any quantitative number which you can provide and what has been our historical bid to win ratio?

Abhishek Singhal: So, we have a number in the RHP. It's about 20% win to bid ratio. We do not disclose an inquiry pipeline number, but qualitatively, we are seeing a heavy pipeline.

Akash Rawal: Got it, sir. And so on the FY29 capacity expansion, so I just wanted to understand the strategy for the company as a whole. So, is more private players and export is targeted or the order book will be more focused towards the public sector?

Abhishek Singhal: Right now, we are not focusing on exports. So, it will mostly domestic and within domestic, it is mostly government. Having said that, there are some bit of private customers as well, so, we will continue to cater to them. So that is the plan for now.

Akash Rawal: No, sir, the post expansion after FY29 with the doubling our capacity. So, will you target more exports at that point of time?

Abhishek Singhal: So, that additional capacity is not with exports in mind. It's towards the domestic market itself.

Akash Rawal: Got it sir. Thank you.

Moderator: Thank you. The next question is from the line of Divyam Sureka from Nuvama Group. Please go ahead.

Divyam Sureka: Good afternoon, sir, and congratulations on a great set of numbers. My question was on the supply chain front. Sir, what are the current lead times you are observing for the procurement of critical inputs such as high voltage bushings, CTC conductors, etcetera?

Abhishek Singhal: So, in things like CTC, we are not seeing a constraint in terms of the delivery timelines on the supplier side. In bushings, it could vary from 12 months to 24 months depending on the rating, etcetera for high voltage bushings.

Divyam Sureka: Okay, got it. And is some of the other raw material availability also constraining our execution space right now?

Abhishek Singhal: So, our we have not changed our plans, our production plans due to the constraints, but having said that we need to plan carefully to be able to achieve raw material availability or component availability in time, so our production plans are not affected.

Divyam Sureka: Got it. Okay, sir. Secondly, just a book-keeping question, sir. While you quantified the MVA sold during the quarter, I guess this will not include the sale of shunt reactors, right? Since they are quantified in MVAR terms or is that included?

Abhishek Singhal: So, this includes shunt reactor as well. So, when we say MVA, we combine MVA, MVAR into a one MVA figure.

Divyam Sureka: Got it sir. Sir, lastly, just one last question. So, I understand we have a price variation clause for our orders and we have seen a substantial rise in commodities as well since the time we booked our orders last year. So, is it possible that we book our revenues including the price variation but utilize our older inventories and margins might be better? Is something of that sort occurring or that is not the case?

Abhishek Singhal: Sir, the question is not clear. Can you kind of repeat what you are asking?

Divyam Sureka: Sure, sure. Am I audible now?

Abhishek Singhal: Yes, you are.

Divyam Sureka: Yes. So, sir, lastly, I understand we also have a price variation clause for our orders and we have seen a substantial rise in commodities such as copper since the time we booked our orders last year. So, is it possible that we book our revenues including the price variation clause but utilize our older inventories procured at the cheaper cost and hence our margins are getting better?

Abhishek Singhal: So, no, we kind of don't maintain so much inventory to look at those things. Because such kind of operation can cut both ways, so we don't look at that.

Divyam Sureka: Got it. All the best, sir, and wish you a very Happy Diwali.

Abhishek Singhal: Thank you, same to you.

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

Abhijeet Singh: Yes, thank you for the opportunity, sir, and very, very strong set of results. So, first question is on capacity. So, you are saying that by Q4 of FY28 end, you would be ready with the 38,000-odd MVA capacity. Is that the correct assumption?

Abhishek Singhal: Yes, we can say that, yes.

Abhijeet Singh: Right. And, sir, what is the peak revenue potential of the existing capacity? 13-14 billion?

Abhishek Singhal: So, again, the number that you are essentially asking is the revenue per MVA number. That number was INR 6.2 lakh per MVA approximately in FY26. And in Q1 and Q2 FY27, as someone pointed out, it is a little bit higher. So, between those numbers, maybe you can take an average and then calculate the peak revenue capacity on that basis.

Management: Right.

Abhijeet Singh: And, sir, also in the PPT, we mentioned that we are looking at 765 kV as a voltage class to enter there. So, what are the steps involved? Where are we? And how long would it take to finally deliver this?

Abhishek Singhal: Yes. So, in terms of technology and capacity, we are ready. All plants are suitable and technology is in place. So, we are kind of looking out for the suitable bidding or ordering opportunity to get the first orders and then execute and then have it in operation for a sufficient amount of time so that we have a track record or a past performance track record. So, as we highlighted earlier, it is in the three to four-year kind of timeframe before we become eligible for the regular tenders.

Abhijeet Singh: Three to four years?

Abhishek Singhal: Yes, before we become eligible for the regular tenders. Correct.

Abhijeet Singh: Yes, understood. So, lastly, a previous participant also touched upon exports. Because some of the transformer companies are making inroads in the export geographies, let's say US. And also, some of the geographies have very strong tailwinds in the T&D sector.

So, are we not looking at it today? Because, of course, we are expanding very sharply the domestic businesses and domestic market also. So, is it something that we might look at afterwards? What is the thought process around that? Around exports?

Abhishek Singhal: Yes. So, in fact, we have past experience with the US market as well. But our experience is that exports need a bit of focus to be able to serve the customer fully well. And so, right now, our focus is on the Indian market. But having said that, in future, if it requires, we can re-look at exports as well.

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

Moderator: Thank you. The next question is from the line of Lovish Soien Burman Capital Management. Please go ahead.

Lovish Soien: Hi. Thank you, sir, for the opportunity and congratulations on the great set of numbers. So, my question is regarding the guidance that we have given. I think you mentioned that our guidance or the order book that we have, the margins are in line with what we have delivered. So, I just wanted to get some clarity does that mean the FY26 margin of 28% or the 2Q margins of 35% that we have delivered this quarter?

Abhishek Singhal: So, our guidance is towards the FY26 EBITDA margin of 28%.

Lovish Soien: Yes, sir. But what I'm trying to understand is that we have, in our order book, the margin is 28%, right?

Abhishek Singhal: So, order book margin is on a gross margin level. And that gross margin level is quite similar between the FY26 gross margin level and FY27 as well. So, that remains at that point, broadly similar to that line.

Lovish Soien: Got it. Thank you, sir.

Abhishek Singhal: Thank you.

Moderator: Mr. Jain, your line has been unmuted. Please go ahead with your question. Next question is from the line of Piyush Jain from Nivriddhi Wealth. Please go ahead with your question.

Piyush Jain: Yes, am I audible?

Management: Please go ahead.

Piyush Jain: I just wanted to check, we have 950 guidance and we have achieved a INR350-odd crores in H1. So, are we confident enough to close this INR950 crores in 2027? And second point is,

earlier our margin was at 28%. This quarter, we did it 35%. So, what is the probability of margin coming in H2? I know you've given guidance of 28%, but still this 35% is low or sustainable?

Abhishek Singhal: Yes. So, I answered this question in parts in previous participants. But in the last year, if you look at the H1 number, it was 175 and the full year was 650. So, that proportion was higher than the proportion that is required in this year. So, right now, we expect that we will be able to achieve the revenue guidance of INR950 crores. And in terms of margin, as you mentioned that we are getting towards a similar margin profile as FY26 on account of quarterly and order-based and expenses variations.

Piyush Jain: Okay. Thank you.

Moderator: The next question is from the line of Sagar Shetty from Wealthyvia. Please go ahead.

Sagar Shetty: Yes. Hi, sir. Good afternoon and congratulations on such a big number. So, I just wanted to first get a look on the order book which you have. So, what kind of mix are we viewing on the order book front with respect to Shunt and Scott? What kind of growth are we seeing in both of them? And what kind of run rate should we expect going forward in both of them? Could you please help us with that?

Abhishek Singhal: So, we have given a split in the presentation. If you look at the presentation, Slide number 7, we have given about 78% coming from power transformers and about 10% coming from Shunt reactors.

Sagar Shetty: Yes. So, I just wanted to know going forward with the kind of talks you are having with your customers because like when we see in the previous quarter, we did not have much of Shunt reactors. But in this quarter, we saw an uptick in that. So, what kind of growth are you seeing from like, you know, from a customer talk perspective, like what is going on in the talks and everything.

Abhishek Singhal: It is difficult to put a number against each one of them. But our thinking is that all of them are important premium segments. All of them will have good and growing demand. How much of any particular thing, materialize in any particular quarter is really variable. But the point is that we have sufficient capability to be able to cater to any segment that comes up, basically.

Sagar Shetty: Okay. And one more thing on the front, like when we see like in the geographical split, there was a significant uptick in Karnataka compared to like and we saw a decline in Gujarat. So, was it on a similar premise like we did we get a much bigger order from Karnataka on the Shunt reactor front? Is that understanding correct?

Abhishek Singhal: Yes. So, you know, that state split is across the product lines. So it may not be based on the end customer as well. It may be based on the end destination. So, customer may be based in some other state and the destination may be in some other state as well.

Sagar Shetty: Okay. And so, lastly, I just wanted to know, like in the previous call, we had given that in FY28, we could see a similar kind of growth like we saw in FY27. So, do you still stand with that guidance? Or like, are we kind of, you know, updating? So, that is my last one.

Abhishek Singhal: So, it will be in a similar territory. But right now, we won't have a number to say. Perhaps in the, you know, the Q4 call, we'll have a guidance number for FY28.

Sagar Shetty: And on the same front, like so, in H1 also, we have a blended margin of 32%, right? So, do you think like the margin going forward would be kind of difficult to beat in H1 of FY28? So, do you think a high base effect would be seen in FY28?

Abhishek Singhal: So, as of now, the guidance is towards the FY26 EBITDA margins. So, we don't have anything more to say apart from that.

Sagar Shetty: Okay. Thank you so much, and all the best for the future. Happy Diwali.

Abhishek Singhal: Thank you, same to you.

Moderator: Thank you. The next question is from the line of Arjun Tambe from Aurrevia Crest. Please go ahead.

Arjun Tambe: Good afternoon, sir. I'm fairly new to your company. So, I'm just trying to gauge what would be your key metrics to evaluate your company and to look into your business model?

Abhishek Singhal: So, you know, I don't feel competent enough to answer your question, frankly.

Arjun Tambe: And I just wanted to know, what's your vision 2030? Like, what's your safe target and what kind of new ventures are you trying to get in?

Abhishek Singhal: So, essentially, you're talking about the growth strategy. So, we already talked about that in the previous call. So, it will be to basically continue to add premium products to our portfolio, both on the transmission side as well as the railway side. So, on the transmission side, we already talked about the 765 kVs, both on transformers and reactors. And then, again, all the special transformers on the railway side also will continue to be added into our portfolio.

Arjun Tambe: Okay. Thank you so much. Happy Diwali. That's all from my side.

Moderator: Thank you. The next question is from the line of Bhawna Singh from Yes Securities. Please go ahead.

Bhawna Singh: So, my question is on the capacity front as your capacity utilization for this quarter is just 10%. And even if we analyze it, it's still a little bit on lower segment. And you're also not executing the order book at a very, very high rate. The lead time is like around 15 months. Then why are we doubling up our capacity in FY28 and 29? So, anything on that front?

Abhishek Singhal: Yes. So, that 10% number was actually, if you calculate the utilization, take annualized capacity, but the production number in one quarter. So, if you do an annualized basis, it comes to roughly about 41% for the Q2. That is one part. And second part is that we already talked

about the trajectory that we are going on. So, we will need additional capacity in FY29. So, that's the reason we have planned it because you also need some time ahead or some lead time to be able to plan and put up the capacity. It is not possible to do it immediately. So, that's why we are doubling the capacity.

Bhawna Singh: Okay. And so, my second question is that you're looking to enter in the 765 kV transformer. Already there are round names in that space, let's say your Hitachi and GE of the world class. So, why are we going for that space and not focusing on maybe 200 or 400, which already have a lot of bandwidth and demand?

Abhishek Singhal: So, we are already present in the 400 kV space. So, this is a natural progression going up into 765. And you mentioned about many players being there. So, we think that the amount of demand that is coming up and it is expected. So, that many amount of players and capacity will be required to service that demand.

Bhawna Singh: Okay, thank you so much sir. And happy Diwali.

Abhishek Singhal: Thank you. Same to you.

Moderator: Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Hello sir, just wanted to know. Sir, what is our mix of 400 kV and below 400 kV that we executed in quarter 2?

Abhishek Singhal: Can you come again,?

Vignesh Iyer: Basically I wanted to understand, we did around 2,130 MVA. So wanted to understand how much is 400 kV, 500 MVA that we executed as a percentage of our revenue in this quarter. And what was below 400kV, I mean 220 and other. Just wanted to understand the mix.

Abhishek Singhal: We have slide 6, which talks about the H1 revenue mix. And it says that it gives a breakup in terms of the broad lines as well. It is about 56% of that is power transformers, 8.8 is scott and 21.7 is the shunt reactors.

Vignesh Iyer: So, as in power transformer, as in we are assuming it to be entirely 400 kV?

Abhishek Singhal: Mostly 400 kV, that is correct.

Vignesh Iyer: Okay, so that was 56. Okay, got it, got it. And I remember from the last call, you said that the tenders that we are bidding for mostly for '28 and '29, if I understand it right. And we just wanted to understand how are we looking at the mix there? I mean, would that be also primarily only 400 kV that you are looking? Or we are selective as such in that case, or we are okay with the mix to be a tad bit lower than what it is now?

Abhishek Singhal: No, on the power transformer side, we are mostly looking at 400 kV. But on the scott, of course, there is no 400 kV, it is only 220 kV and 132 kV.

Vignesh Iyer: Right.

Abhishek Singhal: And shunt is also a mix of 400 kV and 220 kV.

Vignesh Iyer: Okay, sir. Got it. Thank you. That's all from my side and happy Diwali.

Abhishek Singhal: Thank you, same to you.

Moderator: Thank you. The next question is from the line of Levin from ValueQuest. Please go ahead.

Levin: Hi, sir Levin here. Thanks for the opportunity again. So, sir, my question was on margins. I understand and appreciate your answer to this. A lot of participants have tried to gauge on what the kind of margins that we expect going forward. So, when I look at our H1 versus H1, the margins, at least at gross level are fairly similar. And last year, H2, the gross margins were significantly lower versus H1 of last year. So, are we expecting similar kind of situation and that's why we are guiding for similar margins as of FY26?

Abhishek Singhal: No, to be frank, we are not seeing any difference in terms of gross margin level. So, I mean, we don't have a specific reason why we are guiding towards a lower number, it's only realizing and recognizing the fact that there are variations between orders and between quarters. So, it's not fair to project on the basis of a single quarter numbers for the full year.

Levin: But I mean, in terms of orders that we have executed or orders that we have in the pipeline, that is the order book, those are similar kind of orders. And there was no one element that we have seen in this quarter or H1 as a whole.

Abhishek Singhal: Those are similar kind of orders with a similar margin profile on gross margin level.

Moderator: Sorry to interrupt you. Mr. Levin, may we request you to return to the question queue for a follow up?

Levin: Sure, thanks.

Moderator: Thank you. The next question is from the line of Basant Bansal from NBG Investments. Please go ahead.

Basant Bansal: Yes, good afternoon. My question is on the EBITDA margin. I know it has been asked by different participants in different ways. But my question is a little bit different. Our first half margin is 32%. And we are guiding for 28% for the full year, which implies that our second half margin would be 24%. Is my understanding correct?

Abhishek Singhal: Sir, it's maths. We can't do anything about the maths.

Basant Bansal: And if that be the case, will it be purely attributable to product mix or any other reason?

Abhishek Singhal: So, we don't have a direct reason for giving that number, as I mentioned. It's only on account of taking into account that there are variations between orders and quarters and for your

expenses. That's why we are projecting; we are getting towards a number which is similar to FY26.

Basant Bansal: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Prateek Chaudhary from Samarthya Capital. Please go ahead.

Prateek Chaudhary: So, for your EPC order book, are you expecting a large execution in second half this year? And what are the timelines for the execution for the overall EPC order book that you have?

Abhishek Singhal: So, is the question about this overall order book or EPC order book?

Prateek Chaudhary: EPC.

Abhishek Singhal: So, EPC order book that we have, is executable over the next 12 months to 24 months.

Prateek Chaudhary: Okay, sir. Thank you.

Abhishek Singhal: Thank you.

Moderator: Thank you. The next question is from the line of Deepak Purswani from SVAN Investments. Please go ahead.

Deepak Purswani: Yes. Thank you, sir, for the opportunity and congratulations for a good set of numbers. So, I just wanted to check it out on the capacity utilization. If I were to look into your last three year data in the RHP, your capacity utilization has been in the 35% to 40%. And now also we are at a 40% on 19,000 capacity. At the same time, we have significant order books. And with this capacity utilization, we are also looking for the next expansion.

So, just wanted to check it out on the product category. Is it more to do with the more customization in the product or different type of transformer requires a different set of skills like Scott and traction transformer, which will have the lower capacity utilization? Or how should we look into your capacity from the capacity utilization point of view over the next two, three years perspective?

Abhishek Singhal: Yes. No, so the thing is that even though the order book is there and the capacity is there, but it is not possible to ramp up immediately and immediately fill up the whole capacity and execute that. So, there is a trajectory that we are comfortable with in terms of maintaining the quality and reliability. And so on that trajectory, as I mentioned, we will need the additional capacity in FY29.

Deepak Purswani: Okay. So, from optimal utilization point of view, what is the kind of optimal utilization we can reach on this existing capacity?

Abhishek Singhal: For a general figure, so what we think is that once we have a clear view that we will be reaching about 80% utilization, we will start planning for additional capacity.

Deepak Purswani: Okay. Thank you and wish you all the best.

Abhishek Singhal: Thank you.

Moderator: Thank you. The next question is from the line of Pakshal from IMAP India. Please go ahead.

Pakshal: Hi, sir. Am I audible?

Abhishek Singhal: Hi. Yes.

Pakshal: So, firstly, congratulations on a great set of numbers. So, my question is on backward integration. So, just wanted to get a sense in terms of current manufacturing operations, what are the components that we are manufacturing right now in-house? And do we have any plans to further dwell on backward integration towards other components?

Abhishek Singhal: So, we make our own tanks, radiators, control panels and insulation components. So, at the current plan, we will be present in these components only and expand capacities such that we are able to meet our production plans in terms of the transformers because these are captive only component production. Apart from these, we do not have any plan to enter any new components apart from these.

Pakshal: Got it. And sir, this in-house backward integration, it is able to suffice our entire requirement or only a partly?

Abhishek Singhal: Yes, most of it, it is able to suffice.

Pakshal: Okay. Sir, and my second question was in terms of the market size of Scott transformers and if you can just help in some broad value or volume number in understanding that and if there is any new competition that you are seeing in the Scott transformer space?

Abhishek Singhal: So, in terms of the market size, we already talked about 1,000 substations or 2,000 transformers or roughly INR20,000 crores in the next five to 10 years.

Pakshal: Okay.

Abhishek Singhal: In terms of competition, so right now we are one among two in 100 MVA, 220kV and one among four in 100 MVA 132 kV. Having said that, it is a natural thing to expect that more players will try and try to qualify and try to come up. But we see that the demand of the market is enough that it needs more players as it is.

Pakshal: Right, but no one in this quarter, right? Like no new ones that you have heard of in terms of approval?

Abhishek Singhal: None to our knowledge.

Pakshal: Got it, sir. Thank you so much and wish you a happy Diwali.

Abhishek Singhal: Thank you, same to you.

Moderator: Thank you. And the next question is from the line of Utkarsh Somaiya, from Eiko Quantum Solutions. Please go ahead.

Utkarsh Somaiya: Thank you for the opportunity. By next year, I think you will be fully utilizing your current capacity, like you said, and then your capacity is going to double. So, for FY29, can we expect 80% utilization on your 37,000 - 38,000 capacity?

Abhishek Singhal: No, that will be too aggressive in terms of the growth output.

Utkarsh Somaiya: So, what kind of volumes will you expect?

Abhishek Singhal: Hard to put a number, but we mentioned that for FY28, we are heading towards a similar year-on-year growth. Beyond that, we do not have a number right now to say.

Utkarsh Somaiya: So, for FY28, can we assume 40% growth in the production numbers? Sorry, similar growth as FY26 in the production number or in the revenue number?

Abhishek Singhal: So, it is because we are working in broad territory. So, we do not have that kind of a specific number or a specific nuance. But it is in a broad territory that a similar growth number can be expected. But we will have a better or a specific number in the Q4 con call.

Utkarsh Somaiya: Okay, and just one last question. Now that you are going to increase your volumes in the next two years by at least approximately 8,000 MVA to 10,000 MVA per year, I am not asking for any margin guidance, but it is fair to assume that from this 28%, which you are going to do this year, we can see some operating leverage, right?

Abhishek Singhal: So, that number of 8,000 MVA to 10,000 MVA, I am not sure your source about that. But if your question is about operating leverage, of course, we acknowledge that more volumes will lead to operational leverage. And so, that will come into play as we go along.

Utkarsh Somaiya: Okay, best of luck on the execution. Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we will take that as the last question for the day. And now, I would like to hand over the conference to Ms. Teena Virmani for closing comments.

Teena Virmani: Thank you, Abhishek-ji. And thank you, Vivek-ji for giving us the opportunity to host the call and we would look forward for hosting the call in future too. I will hand over to Abhishek-ji for closing remarks.

Abhishek Singhal: Thank you, Teena. So, we thank everyone for joining the call today. We hope we have been able to give you a detailed overview of the business and the results and also answer your queries. Thank you.

Moderator: Thank you. On behalf of Kanohar Electricals Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.