Kanohar Electricals Limited

Q1 FY27 Earnings Conference Call

October 07, 2026

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MANAGEMENT: **MR. ABHISHEK SINGHAL – WHOLE-TIME DIRECTOR**
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MODERATOR: **MS. BHAKTI SHEWALE – NUVAMA INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Kanohar Electricals Limited Q1 FY27 Earnings Conference Call hosted by Nuvama Institutional Equities. 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 date of this call. These statements are not the guarantees of future performance and involve risks 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 your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhakti Shewale from Nuvama Institutional Equities. Thank you, and over to you.

Bhakti Shewale: Ladies and gentlemen, good morning, and welcome to Q1 FY27 Earnings Call of Kanohar Electricals Limited, a conference call hosted by Nuvama Institutional Equities. As a reminder to all participants, 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 any assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone.

I now hand over the conference over to Mr. Abhishek Singhal, Whole-time Director from Kanohar Electricals. Thank you, and over to you, Mr. Abhishek.

Abhishek Singhal: Thank you. Good morning, all, and a very warm welcome to everyone present on the call. Along with me, I have Mr. Vivek Singhal, Whole-time Director; Mr. Shiv Kamboj, Chief Financial Officer; and SGA, our Investor Relations Advisors.

To begin with, I would like to thank and congratulate all our stakeholders, investment bankers, and business partners for helping us achieve a milestone of getting listed on the Indian stock exchanges. We were delighted to see a strong response for our IPO.

Since this is our maiden earnings call, I would like to take you through Kanohar Electricals Limited, its journey so far, broad industry update, and strategies going forward, followed by operational and financial highlights for Q1 FY27. Post that, we will open the floor for Q&A.

We have also uploaded our investor presentation on the stock exchanges and the company website, and I hope everybody had a chance to go through the same.

So, let me begin with a brief overview of Kanohar Electricals. Kanohar has been in the electrical equipment business for over 40 years, with our journey dating back to 1972. Over the years, we have steadily evolved from a small electrical equipment manufacturer into a specialized player. Today, we focus on high-value, technically demanding products for India's transmission, railways, and renewable energy infrastructure.

Our flagship business is Power Transformers. We manufacture Power Transformers up to 500 MVA and 400 kV; Scott-connected Transformers up to 100 MVA and 220 and 132 kV for Indian

Railways; and shunt reactors up to 125 MVAR and 400 kV. As of FY26, our Transformer business contributes around 85% of our revenues.

Alongside manufacturing, we have built an EPC business covering substations and transmission lines. It contributes roughly 15% of the revenues, but it is strategically important. Indian utilities sometimes bundle transformers into larger substation packages, and our EPC capability allows us to bid for those packages directly. This widens our total addressable market, or TAM, and improves our win rates.

Our manufacturing operations are based at two facilities in Meerut: Rithani and Gangol, with a combined capacity of approximately 19,200 MVA. The Gangol facility, with a capacity of around 18,000 MVA, is our key facility for large power transformers and shunt reactors.

Coming to the industry environment and opportunity, we believe India is entering a structurally strong investment cycle in power transmission and railways infrastructure. Power demand is rising rapidly. This is driven by multiple tailwinds like industrialization, urbanization, electrification, data centers, electric mobility, and a broader shift towards a more electricity-intensive economy.

At the same time, India is adding significant renewable generation capacity, but generation capacity can only become usable power when adequate transmission infrastructure is in place. And this makes the transmission grid a critical enabler of India's energy transition.

We are also seeing a broader focus on energy security and domestic power infrastructure. The growing importance of reliable and indigenous power infrastructure is likely to support investment across the transmission ecosystem over the medium to long term.

An important new layer is intra-state transmission. Until now, much of the demand has come from inter-state projects. Now, state utilities, such as those in Maharashtra and Gujarat, are raising capital, announcing large programs of their own.

At the state level, 400 kV is typically the highest voltage, and that plays to our strengths. In this context, as you are all aware, recently, Government of India announced the Green Energy Corridor III, which is entirely focused on the intra-state transmission with a ₹1.85 lakh crores outlay.

The railway sector is another important opportunity for us. India is investing significantly in railway electrification, dedicated freight corridors, Vande Bharat, and high-speed rail. These projects require specialized transformers and related electrical infrastructure.

India has already electrified about 99.6% of its broad-gauge network. Future electrification, whether new lines or replacements, will move to the 2x25 kV AC system needed for the high-speed and heavy-haul traffic, including Vande Bharat services and dedicated freight corridors. So, that system needs the Scott-connected transformers, and that is exactly where we are present.

Based on the industry and railway requirements, we see a significant opportunity for these specialized transformer products over the next several years. The common thread across both of

these markets is that participation is qualification-driven, and this is an important aspect of our industry and business.

Factory capacity in our industry is not the same as being able to bid to be eligible for large utility and railway tenders. A manufacturer needs two things: first is the past performance experience, which means its transformers have run satisfactorily in the field for a defined period; and second, a short-circuit certification for that specific rating.

Short-circuit certification is demanding. A prototype unit is designed, it is built, it is sent to a government lab such as CPRI or National High Power Test Laboratory, and there it must withstand the simulated fault conditions. For a large unit like a 500 MVA Transformer, the journey from concept to certificate in hand takes anywhere from 18 to 24 months.

Kanohar has completed more than 200 successful short-circuit tests at a government laboratory, and today, we are one among the few manufacturers in India certified for the 500 MVA 400 kV Transformers. In railways, we were the first Indian company to receive the RDSO approval for a 100 MVA 220 kV Scott-connected transformer, and today, we are one of the two companies certified at that rating. Similarly, at the 100 MVA 132 kV rating, we are one among four.

These qualifications matter because they make us eligible for larger and more technically demanding tenders. Apart from this, over the years, we have built a unique portfolio of qualifications, not just for transformer, but across transformers, power transformers, railways transformers, shunt reactors, and also EPC of substations and transmission lines. We believe this combination gives us a differentiated position.

In terms of the product mix and backward integration, between FY24 and FY26, our product mix has evolved significantly towards the premium products. The contribution of 400 kV Transformers increased from 10.3% in FY24 to 52% in FY26 and stood at about 70% in Q1 of FY27.

Our qualifications made us eligible for the large orders, and this is reflected in the portfolio mix that is moving towards the more premium, high-value business. We have also invested in backward integration for several critical components, including transformer tanks, control panels, radiators, and insulation components.

Individually, these components may not be a large part of the overall transformer value, but making them in-house gives us greater control over quality, reliability, and delivery timelines. In terms of our strategy and the road ahead, our strategy is simple: we'll keep expanding into the premium, qualification-driven products in the transmission and railways and add capacity ahead of demand while staying financially disciplined.

On the capacity side, we are planning a brownfield expansion of about 18,000 MVA at our Gangol plant. Part of the proceeds from the IPO will be used for this expansion. Based on our current trajectory, our existing capacity is sufficient through FY28, and we aim to have this new capacity in place for FY29, well before we approach our limits.

On 765 kV, this is our next major step. We already have the technology in place. Interestingly, no player in India has yet completed a 765 kV short-circuit test, so on that front, the field is level. What we need is a past performance experience. We must win our first orders and supply them and demonstrate satisfactory field operations. Realistically speaking, that's a three to four-year journey before we become eligible for regular 765 kV tenders.

On the railways side, as the sector enters a major upgrade cycle, we expect strong demand for Scott-connected transformers, and we are simultaneously also adding other specialized railway transformers to our portfolio.

Coming to our order book, as of 30th June, our order book stand at 2,026 crores. Industry lead times are currently around 18 to 24 months, so the tenders we are bidding for today are largely for the execution in FY29 and beyond.

On working capital, our business carries roughly 120 days of receivables and 80 days of inventory, offset by 70 to 80 days of payables. This gives us a net working capital cycle of around 120 days. This reflects the size and long build cycle of large transformers, not the credit risk. Our customers are central and state transmission utilities and well-funded projects, and we have not faced any delinquencies of any kind.

To sum up, Kanohar is a 54-year-old engineering company that has spent decades earning the right to compete at the top end of India's transformer market. We hold certifications that very few companies have, our order book gives us visibility, and the demand drivers in both power and railways are long-term.

For FY27, H2 or the second half is expected to remain the key execution period, and we anticipate this trend to continue through the year. We are targeting a revenue of approximately INR950 crores with a broadly similar EBITDA margin profile as FY26. Growth will be driven by a healthy increase in manufacturing volumes and continued improvement in product mix, supported by a higher contribution from the 400 kV segment.

So, with that, I now hand over the call to our CFO, Mr. Shiv Kamboj, to walk you through the financials for Q1 FY27. Thank you.

Shiv Kamboj: Thank you, sir, and good morning, everybody. Let me now take you through the key financial and operational highlights for the first quarter of financial year '27. For Q1 financial year '27, revenue from operations stood at INR137.1 crore, registering a strong year-on-year growth of 103.5%. The transformer business contributed 84.9% and the EPC business contributed 14.81% approximately of revenue from operations.

By end-user segment, Power Transmission accounted for 85.18% of revenue, Railways 11.53%, Renewable Energy 2.84%, and Power Distribution 0.23%. In terms of voltage, high-voltage transformers continue to drive the bulk of our manufacturing revenue. Transformers of 400 kV contributed 70.16% of revenue, 132 kV to below 220 kV contributed 11.38%, 220 kV to below 400 kV contributed 3.19%, and below 132 kV contributed 0.23%.

Gross profit for the quarter stood at INR57.5 crores, registering a year-on-year growth of 97.4%. Gross margins remained healthy at 41.9% for Q1 financial year '27 as compared to 43.2% in Q1 financial year '26.

EBITDA for Q1 financial year '27 came in at INR38.8 crores, reflecting a significant growth of 152.2% on a year-on-year basis. EBITDA margins improved to 28.3% for the quarter, expanding by 550 basis points.

Profit after tax stood at INR27.3 crores for Q1 financial year '27, representing an impressive year-on-year growth of 140%. PAT margins remained strong at 19.9% for the quarter, expanding by 300 basis points. As of June 30, 2026, our consolidated order book stood at INR2,026 odd crores, up 11% from INR1,818.3 crores as of March 31, 2026.

During Q1, that is April to June period, we added incremental orders worth INR332.2 crores. And for Q2, that is July to September period, we added incremental orders worth INR867.3 crores rupees, which includes large orders, having said that INR250 crores and above, received from Central Public Sector Undertaking. The order book is expected to be executed over the next 18 to 24 months.

So, this is all from our end. We now open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from line of Sharan from Unifi Capital. Please go ahead.

Sharan: Yes. So, I just wanted to ask regarding the transformer margins, if you look at the industry-wide, the Q1, because of your transformer oil, most of the players have reported a decline in margins. So, just wanted to understand whether we had an old stock inventory, how did we manage the margins?

And going forward, what gives us the confidence, because if you see all major input costs like copper, everything has gone up, and I understand that mostly the orders are priced at fixed-price contracts. So, just wanted to check how are we maintaining the margins?

Abhishek Singhal: Thank you. In our case, most of our contracts are actually with price variation, and there is an industry-standard IEEMA Price Variation Clause that takes care of the volatility of the raw material, both on the upside as well as downside.

Sharan: Okay, understood. And second thing, I just wanted to understand the 400 kV market. So, according to me, I think the market should be around INR4,000 - INR6,000 crores annually, right, India's TAM, if I can ask about?

Abhishek Singhal: You mean INR4,000 - INR6,000 crores, you're saying?

Sharan: Yes, INR4,000 to INR6,000 crores. Just the 400 kV part, not the entire, just 400 kV.

Abhishek Singhal: Yes, that's correct. It will be in that range.

Sharan: Okay. And just last, if I can squeeze in, do we have any plans of exports? As we have the capability and as the global spurt in demand because of AI data centers, are we looking at exports, or we are satisfied with the domestic demand?

Abhishek Singhal: Yes. So, the thing is that we have had experience with exports in the past, even to geographies like United States, and West Africa, Southeast Asia, etcetera. But right now, India is presenting enough and more opportunities, and so we believe that any kind of export operation requires focus. Our focus is right now on the Indian market. But having said that, in future, three, four years down the line, if it requires, we can have a re-look at exports as well.

Moderator: Thank you. Sharan, kindly come back for a follow-up. Participants, please limit yourself to two questions and rejoin for a follow-up question. Next question is from line of Lovish from Burman Capital. Please go ahead.

Lovish: Yes. Congratulations, sir, on the great quarter and the IPO, and thank you for the opportunity. Sir, we heard last week that GEC-III has been approved. And our estimates suggest that this could lead to a significant uptick in ordering for 400 kV and 500 MVA transformers. Given that we are only a few players in India who have got short-circuit testing in this category, can this lead to a strong tailwind for us in terms of order intake for the next five, seven years?

Abhishek Singhal: Yes, thank you first of all. Yes, but of course, there are strong tailwinds on account of this intra-state transmission. And as I explained earlier, this looks like a multi-decadal kind of a structural tailwind. And due to this several factors coming up at once, the sector is poised to do well in the coming years and decades.

Lovish: Got it. So, what proportion of this new capacity under GEC-III would be divided into, let's say, 200 kV, 400 kV, and 765, if there's any proportion that we have an estimate for?

Abhishek Singhal: It will be hard to give a number, but we did make a comment that intra-state transmission, bulk of it is in 400 kV.

Lovish: Got it. Further, sir, our estimates suggest that with the CEA's plan for 900 gigawatts of renewable energy evacuation that they have, and GEC-III, we will reach roughly around 28 lakh MVA of capacity by FY35-'36. But looking at the adequacy plans for some of the states which have released these plans, it suggests that we may still fall short of the actual demand that we might have to install. Any thoughts on that, sir?

Abhishek Singhal: Yes, I agree with you. So, to give a comment here, until some years back, sources of power like nuclear and thermal were kind of off the table. But now with the demand scenario, we need to put up renewables, or thermal, or nuclear, whatever kind of sources are available, we need to have that in place to meet the demands that is expected.

Lovish: Understood. Sir, my last question is regarding gross margin. Our gross margin has actually fluctuated, if I see the quarterly trend, has fluctuated over the last five quarters. So, how should one think about the gross margin for the transformer business and EPC business going forward, and were there any one-offs in 1Q?

Abhishek Singhal: So, transformer manufacturing business is a higher gross margin business as compared to EPC. And so, one of the reasons of the movements from FY24 to '26 was that share of manufacturing has went up, basically. And that has led to a higher blended gross margin in our case.

But in transformer business itself, whatever categories that we are focusing on, which is the 400 kV power transformers, and the Scott-connected transformers, and the shunt reactors, they all carry a similar kind of margin profile, so there is not much difference between them. Whatever variation we see is there will be some sort of localized or some sort of individual variation, but on a macro, on a gross level, they are kind of similar margin products.

Moderator: Thank you. Next question is from line of Mihir Manohar from Trust Mutual Fund. Please go ahead.

Mihir Manohar: Yes. Thanks for giving the opportunity and congratulations on the great set of numbers. Sir, largely wanted to understand on the 400 kV segment side. If you could provide us some understanding around as to what is the broader annual demand in MVA terms for the 400 kV segment at all-India level, and what is the supply over there?

Just some understanding around it to just to get a sense you know what kind of short supplies are there and how would that bridge out for this particular segment, 400 kV? Some understanding around that would be helpful, I think here in the future.

Abhishek Singhal: No, so to give a number, it was about 60,000 to 70,000 MVA in the last year, and as we mentioned, there are several tailwinds to growth of that number. We won't have an exact trajectory or growth projections. But having said that, it is poised to grow significantly based on the tailwinds that we just discussed.

Mihir Manohar: Sir, 60,000 to 70,000 MVA is just on the 400 kV segment, right?

Abhishek Singhal: That's right.

Mihir Manohar: Okay. Sure. And this, according to you, at the industry level, is growing by what, 20%-25%?

Abhishek Singhal: Maybe we can say 10%-15% for sure.

Mihir Manohar: Sure. And if you could just provide some clarity as to bid pipeline, as to what is the bid pipeline? You have given the order book, but what is the bid pipeline as of now, and how has that grown, that also grown over the last 6 months, last 1 year? That should also be helpful?

Vivek Singhal: Frankly, we don't really disclose the bid pipeline number as such, but we do see good opportunities with the various customers, with the various projects that are going on.

Mihir Manohar: Sure. Understood. And just wanted to get a sense. Now a couple of players are upgrading themselves to 400 kV. Naturally, there is a demand also, government also wants to provide supply over there. What is your color on it as to, does one see some impact on gross margins because of the increasing supply which will come in the 400 kV segment? What is your take on it, or how are the margins in the order book currently sitting in? Are the margins at similar levels versus what current P&L looks like?

Abhishek Singhal: So, If I understand you correctly, you are talking about the supply coming in to the industry?

Mihir Manohar: Yes, supply coming into the industry. So, there are a couple of players who are upgrading to 400 kV segment and not necessarily into short-circuit testing, but they are definitely going into 400 kV segment. That catches up. How do you see that margins panning out and margins in the current order book, are they similar to the current P&L that is reported?

Abhishek Singhal: No, so actually, it's a multipart question that you're asking. So, regarding the supply coming into industry, so that's really a supply-demand question. And as we just discussed, the demand that we are foreseeing in long run is quite healthy. And it will kind of need all the supply that is coming in into the industry.

And regarding the players getting into 2 years the time frame, so yes, they will need to follow the same path and get the same qualifications that make them eligible for the for the tender. But, Yes, if not in 2 years, then 3 years, 4 years, whatever time frame, they will be natural additions. And that's only expected and not only expected, it's also required. But in the long run, there is enough demand to basically sustain all this supply that is going to be there.

In terms of our own order book, the order book that we have has a similar margin profile that we did in FY26. And the tendering that we are doing right now is for mostly for FY29 and '30. And so, there also, we are seeing kind of a stable margin profile.

Moderator: Thank you. Next question is from line of Bhakti Shewale from Nuvama Institutional Equities. Please go ahead.

Bhakti Shewale: Hi, sir. Congratulations, and thank you for this opportunity. As you mentioned, the demand scenario for Scott Transformers is robust. Could you help us to provide like a rough order pipeline estimation in terms of MVA or value so that it helps us in thinking about that specific business?

Abhishek Singhal: Sure. I can give some broad numbers, and this was the source is from a recent conference done by Railways themselves. So, they envisaged about 1,000 traction substations for high-speed rails in the next 5 to 10 years. And each substation has 2 numbers of these transformers. So, roughly about 2,000 transformers. And just to give a ballpark number, that that will translate into roughly INR20,000 crores of market opportunity for just for just the traction transformers in the next 5 to 10 years.

Bhakti Shewale: Okay, sir. And what would be the MVA delivered during this quarter and does that include Scott as well?

Abhishek Singhal: We're just checking. I'll get back to you.

Bhakti Shewale: Sure, sir.

Moderator: Thank you. Next question is from line of Gaurav from Mirae Asset. Please go ahead.

Gaurav: Hi, sir. Good morning. Congrats on good set of numbers. Sir, I may have missed the last commentary on that, but just wanted to check new order inflows which we are getting or the

upcoming order inflows which we are going to see in terms of demand for 400 kV, how do you see the margin for those particular orders? Are these margins sustainable for those orders as well which we are currently getting, and how do you see the market going forward for that?

Abhishek Singhal: Right now, we are seeing a stable margin profile.

Gaurav: But the new capacity is coming into play, do you expect this margin to sustain in the coming years also?

Abhishek Singhal: So, as I mentioned, for the next 3-4 years kind of time frame, we have a good visibility because of our current order book that we have, and also the tendering that we are doing right now. Beyond that, there might be some short-term supply-demand mismatch and short-term kind of a margin pressure as well. But in long run, we see that this is a much structural and a much longer demand cycle.

Moderator: Gaurav, sorry, but once again, we are losing your audio. May I request to come in a better reception area or rejoin the queue, please?

Gaurav: Now, is it better? Now, you can?

Moderator: No, Gaurav. Your voice is still breaking. I'll request to please come back.

Abhishek Singhal: So to answer previous question, our MVA was 1,725 MVA in Q1.

Moderator: Thank you. Next question is from line of Jinesh Karia from Union Asset Management. Please go ahead.

Jinesh Karia: Yes. Thank you for the opportunity. I hope I am audible.

Abhishek Singhal: Yes, you are.

Moderator: Yes, go ahead.

Jinesh Karia: Yes. Sir, congratulations on a great listing and a very good set of numbers in your first quarter. The question is more towards the order book. Right now, 70% of our order book is in power transformers, and as on 30th September, we have around INR3,000 crores worth of order. Maintaining a robust execution and the bid pipeline that we are guiding, could we expect INR3,000 crores of closing order book as on FY27? That is the first question.

Abhishek Singhal: There are a couple of comments on that. One is that the number you are quoting may not be a true number because we will have also executed some portion of the order book during Q2. So, the order book as on the end of Q2 will be slightly lesser, basically. And Yes, because the number that we have given of INR867 crores is only the incremental orders received, but there will be some execution of that order book as well in that Q2 period.

Jinesh Karia: Agreed, sir. But could we see a 40%-45% increase in the order book on a YoY basis for FY27? That understanding could be correct?

Abhishek Singhal: So, the answer to that is that we won't be able to comment on that. But what we can comment is that on the basis of current activity, the order book at the end of FY27 might be sufficient or adequate to cover the projected revenues for FY28 and '29, mostly.

Jinesh Karia: Understood. Next is on working capital. With advances and everything flowing through, do we target a net working capital days of less than 100, or we'll be about 110 days of net working capital over the next couple of years?

Abhishek Singhal: We are guiding towards a similar 110-120 net working capital days. It's just the nature of the business. I think it's expected to be in that range itself.

Jinesh Karia: Got it. And with the ordering with the Green Energy Corridor and everything coming up, the order book will be lumpy towards power transformers, right, despite a robust outlook on railways, power transformers will be a bulky portion of our order book, correct?

Abhishek Singhal: Yes, we can say that.

Jinesh Karia: Understood. Yes. Thank you and all the best for the future.

Abhishek Singhal: Thank you.

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

Rutu Chavan: Hello, sir.

Moderator: Yes, Rutu, go ahead.

Rutu Chavan: Yes. So, congratulations, sir, for the great set of numbers for Quarter 1 as well. Sir, I wanted to understand what is the kind of opportunity that we see in the Scott Transformers considering that we are like one of 5 and one of 2 players, short-circuit listed players in terms of the Scott Transformers.

It is mentioned on the presentation that the opportunity size projected for FY30 is approximately around 1,000 crores. Like, do we see any further improvement in that particular bit of our revenue growth?

Abhishek Singhal: Well, I mentioned in my opening remarks, high-speed rail and dedicated freight corridors is a priority for the government. And according to Railways' own numbers, I mentioned INR20,000 crores of market opportunity over the next 5 to 10 years. So, yes, we see this as a very good growth area.

Rutu Chavan: Understood. And, sir, are the margins in Scott Transformers similar to kind of the margins that we see in the 400 kV transformers?

Abhishek Singhal: Yes, broadly similar.

Rutu Chavan: Okay. And, sir, the last question, in the last particular year, we saw the revenue being majorly realized in the H2 of the year. Is this a cyclical trend expected to continue over the few years where H2 is majorly the revenue where the revenue is realized, whereas H1 is slightly lesser?

Abhishek Singhal: Yes, this is kind of a industry trend and basically H1 is slightly softer and H2 is heavier. So, that's the nature of the business.

Rutu Chavan: Understood. Thank you so much, and congratulations once again.

Abhishek Singhal: Thank you.

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

Vignesh Iyer: Hello. Sir, congratulations on a great listing and an excellent numbers in Quarter 1 FY27. Sir, two questions from my side. First question is, out of the outstanding order book that we have right now, can you give a breakup of how much of that order is from 400 kV 500 MVA?

Abhishek Singhal: We have given a breakup in the presentation as well. And if you see, basically, Power Transformers, when we refer to in the presentation, it is mostly 400 kV. So, it was about 70% of our order book is Power Transformers, majority of that is 400 kV.

Vignesh Iyer: Okay, got it. And second point being, so considering I heard you saying that around 1,750 MVA has been executed in Quarter 1 FY27, and assuming a 18,000 MVA capacity, that is around 40% utilization. Yes, around 30%, 40% utilized, anywhere between that.

And considering our Quarter 4 is the biggest execution period for us, would it be fair to say that some kind of operating leverage could play into in your Quarter 4 numbers and the margins could be sequentially better in and around that quarter?

Abhishek Singhal: So, what we are guiding towards is a similar kind of EBITDA margin profile in FY27 as we did in FY26. And that could be a mix of the gross margin, operating leverage, everything combined, but the net EBITDA margins would be on a similar level as FY26.

Vignesh Iyer: Okay. So just one last question on that part. So, this Quarter 1 EBITDA margin doesn't have any one-off, I mean, not in terms of any commodity gains or neither in terms of any other gains, right? So, this is a pure margin, right, in that case?

Abhishek Singhal: Yes, yes. So, if you see the Q1 margin number percentage is very similar to the full-year FY26 margin numbers.

Vignesh Iyer: Okay. Thank you, sir. That's all from my side. I'll get back in the queue.

Abhishek Singhal: Thank you.

Moderator: Thank you. Next question is from line of Rosita Fernandes from Neo Family. Please go ahead.

Rosita Fernandes: Thanks for the opportunity. I actually wanted to know if you have already given this guidance for '28-'29, and if I may have missed it. And the next question is, the 19,200 MVA capacity that you have and the utilization is 46% right now, so what is the ramp-up phase for that and peak revenues from that?

Abhishek Singhal: No. We haven't given a specific number for FY28, but we can say that the similar year-on-year growth that we are guiding for FY27 can be more or less expected in FY28 as well. So, in terms of capacity utilization, as we mentioned, you know, on our current trajectory, we will need the additional capacity in FY29, and so that's why the brownfield expansion of 18,000 MVA has been planned that will, you know, come up by the end of FY28.

Rosita Fernandes: Okay. And what about shunt reactors? Like, how do we see that going forward, the contribution for us in the revenue front? Do we see more orders from there as well? And how is it building up, the outlook?

Abhishek Singhal: Yes. You know, shunt reactor is a good segment. And so as we know, because of more and more renewables getting connected to the grid, we need to connect these shunt reactors to fix the grid voltage profile. So it is likely to remain in the 10% to 15% kind of zone for the revenues on an average basis.

Rosita Fernandes: This is a steady state like going forward?

Abhishek Singhal: I mean, some years will be less, some years will be more because, but on an average level, we can expect this number.

Rosita Fernandes: Okay.

Abhishek Singhal: But if you see in the order book that we have, that we gave a break-up there, roughly 13.1% of our order book as at 30th June is coming from shunt reactors.

Moderator: Thank you. Rosita, request to come back for a follow-up. Next question is from line of Nidhi from Vinceré Partners. Please go ahead.

Nidhi: Hello, Mr. Abhishek. Congratulations, firstly, for the outstanding IPO and the share performance thereafter as well. Abhishek ji, one of my questions is that, you know, you have one large order from PGCIL. What are the timelines on the execution of that order? That's one. Second, in terms of the orders that you are bidding for, how does it break up between 400 kV, 220 kV and below. Just to get a sense on directionally, where is the company, heading towards?

Abhishek Singhal: Yes. Thank you, Nidhi ji. So, your first question was regarding the execution of the large order, so that is in the zone of 24 months. And your second question was in terms of bidding pipeline, so there, you know, as we mentioned, our focus is on the power transformer, 400 kV, and the Scott-connected, which are, you know, in both 220 kV and 132 kV, and shunt reactors, which is in 220 kV and 400 kV. So, those are the focus areas in the bidding as well.

Moderator: Thank you. Next question is from line of Het Shah from Quantum Asset Management. Please go ahead.

Het Shah: Yes. Thank you for the opportunity, and congratulations on the great set of numbers. Firstly, we had a degrowth in FY24, whereas every transformer company has grown in leaps and bounds. So, I mean, what went wrong for us in 2024? Secondly, our utilization levels are pretty low. I mean, it's 46% FY26, and so we -- why don't we, you know, get into the exports? Because when we look at the other companies, they are at peak levels of 70, 80. So, some thoughts on that?

Abhishek Singhal: Yes. So in FY24, you know, all these certifications that we have right now, basically on the 400 kV side and the Scott side, mostly were obtained in FY24. So, much of the management time and attention were focused on that. And so, once we got through that, we became eligible for the large tenders, and that led to, you know, the increase in order intake as well in top line.

Also, industry demand itself, you know, rose from the FY23-FY24 timeline. So, that's where we are coming from. And then in terms of utilization, because, you know, once we got those orders, so it takes some time to ramp up the actual output. And on our current trajectory, as I mentioned, we will need the additional capacity in FY29.

Het Shah: Got it. And, sir, are we on the IDT side, the inverter duty transformers?

Abhishek Singhal: No. That's not a focus area.

Het Shah: Okay. And just one last question. I mean, what is the top line expected at full capacity, say on 19,200?

Abhishek Singhal: So, essentially what you're asking is a revenue per MVA number, and revenue per MVA number is a highly variable number because it depends on the specific ratings or the rating mix of a particular manufacturer. So, in our case, we did about 6.1 lakhs per MVA last year. This year, you know, this number might have gone up slightly due to the raw material movement, but you can calculate a rough full-utilization number on that basis.

Moderator: Thank you. Next question is from line of Yash Kabra from Nirmal Bang. Please go ahead.

Yash Kabra: Hi, sir. Am I audible?

Moderator: Yes. Go ahead.

Yash Kabra: Yes, Congratulations on great set of numbers. Sir, just on like in the IPO meet, we discussed, but just wanted to have a clarification on that. So, our business is segregated into basically two things, Transformer and the EPC part. So, firstly, my question would be if you can just give me like EBITDA margin profile for the transformer business and the EPC business, which is higher, transformer or EPC, and what other numbers would be, EBITDA margins?

Abhishek Singhal: Hi. We don't maintain or have numbers separately on EBITDA level for both the businesses.

Yash Kabra: But just directionally, Transformer would be higher than EPC?

Abhishek Singhal: That's correct.

Yash Kabra: Okay, sir. And within Transformer, we have because five set of transformers, so within that, I just wanted to understand like across all those five things, power transformers, Scott, traction, and shunt, and distribution transformers, how is the EBITDA margin profile or margin profile? Is it similar, or is it more for power transformers, others?

Abhishek Singhal: So, distribution transformers is a different segment. And if you notice, it is negligible in our revenues as well as negligible in our order book as well. So, we don't focus on that segment, basically. And that segment has a lower margin profile. On the segments that we focus, which is the power transformer, 400 kV, and the Scott-connected transformers, and the shunt reactors, all have a similar margin profile.

Moderator: Thank you. Next question is from line of Utkarsh Somaiya from Eiko Quantum Solutions. Please go ahead.

Utkarsh Somaiya: Thank you for the opportunity. I just had one clarification that for FY28, you said you'll do a similar top line growth of around 45%. So, at that growth rate, you'll be at approximately 90% capacity utilization of your current 19,200 MVA capacity. Can you please confirm that for me?

Abhishek Singhal: We can't give an exact number, but roughly if you do the math, it will be in that range, but difficult to give an exact number.

Utkarsh Somaiya: Okay. And, sir, you are doubling your capacity almost in FY29, so can we expect a growth rate of significantly higher than this 40, 45 which we'll do in FY28?

Abhishek Singhal: No. I don't think we should expect more than this.

Moderator: Thank you. Next question is from line of Prathamesh from Motilal Oswal. Please go ahead.

Prathamesh: Hi, sir. Just wanted to understand, in the 400 kV, as well as Scott transformers, have there been any new entrants in these two areas? And do you foresee the same competitive intensity to increase or decrease, as in mostly increase, over what period? New qualifications will start kicking in after, what, 6 months, 1 year?

Abhishek Singhal: So, of course, there'll be new players trying to enter both of these segments. And so, as I mentioned, it's a time-consuming thing for both the pieces of qualifications. Where those players are in their journey towards getting fully qualified is hard for us to maintain, but suffice to say, we do expect that there'll be new entrants. And as I mentioned in the beginning, looking to the demand cycle, not only is that expected, but even required to meet out the demand that is expected.

Prathamesh: Okay. So, any new entrants in the last 3 months to 6 months?

Abhishek Singhal: Not that we are aware of.

Moderator: Thank you. Next question is from line of Nishita from Sapphire Capital Partners. Please go ahead.

Nishita: Yes. Hello. Am I audible?

Moderator: Yes, go ahead.

Nishita: Yes. So, I just wanted to ask. So, you've mentioned that from the IPO proceeds, you are utilizing some of it for our solar power plant. So, what is the capacity for that going to be? And what will be the savings in our power cost post the commission, and when will that be commissioned?

Abhishek Singhal: Yes. It's about in the range of 2,500 kilowatt. And of course, there will be savings in terms of the electricity cost. And also, it is also about sustainability initiative as well. So, that's a standard solar kind of a saving chart or a calculation that is made. It is a general thing that you can see.

Nishita: Yes. So, like can you quantify the savings that we'll have post the commission?

Abhishek Singhal: I don't have that number handy. Maybe we can get in touch separately, and we'll provide that.

Moderator: Thank you. Next question is from line of Vedant from Canara Bank Securities. Please go ahead.

Vedant: Hello? Am I audible?

Moderator: Yes, go ahead.

Vedant: Hello, sir. Sir, congratulations on great set of numbers. So, my question is regarding the 765 kV, which you mentioned that it will take another 2, 3 years to come in place. I just wanted to understand that the capacity which we are adding in FY29, so are we factoring in 765 kV as well in that?

Abhishek Singhal: Capacity will be suitable for 765 kV as well.

Vedant: And, sir, regarding the technology for 765 kV, do we need to do any tie-ups for making the prototype, and how ready we are for that?

Abhishek Singhal: No, we don't need to do any tie-up. Technology has been developed in-house or indigenously. And so, in terms of readiness, we are ready to make that prototype unit.

Moderator: Thank you. Next question is from line of Jainam Vora from Saltoro Investment Advisors. Please go ahead.

Jainam Vora: Congratulations on a great set of number and a successful IPO, Abhishek-ji. My question is on the key risks that the company is looking at while we've got the order book, we've got the approvals and everything. Particularly from the raw material sourcing issues given the geopolitical issues that is there, how is the company dealing with? And what are the other key risks that the company is looking at to ensure that the execution is in time and timely nature?

Abhishek Singhal: You rightly touched upon it. In terms of risk, if you were to think about it, supply chain would be the key risk at this point. And the Company tries to manage that by carefully planning all the raw materials that are required for its production plan.

Jainam Vora: And any other risk that the company is closely monitoring?

Abhishek Singhal: Not as such.

Jainam Vora: Got it. And in terms of backward integration, if you could explain what are the further plans, and what was the rationale behind backward integrating in radiators, fabrication, tanks, and insulation? That would be very helpful. While insulation is a critical component, but for the other backward integration products that you are targeting, what was the rationale? It would be very helpful to understand?

Abhishek Singhal: Yes. So, the rationale is that all of these components are basically meant for captive consumption, number 1. And number 2 is that they may not be very high in terms of value, but they gave us a good control over the quality and delivery.

For example, transformer tanks is a very critical component in terms of both quality and delivery. So, going forward, also, we will continue in these components only for now, and there is no plan as such to go to other things as such.

Moderator: Thank you very much. Ladies and gentlemen, we'll take that as the last question. I now hand the conference over to Ms. Bhakti Shewale for closing comments.

Bhakti Shewale: On behalf of Kanohar Electricals, that concludes this conference. Thank you all for joining, and you may now disconnect your lines. Thank you so much.

Moderator: Sir, would you like to give any closing comments?

Abhishek Singhal: Sure. We thank everyone for joining the call today. We hope we have been able to give you a detailed overview of our business, and also answer your queries. Should you have any further queries or clarifications, please feel free to reach out to any one of us or SGA our Investor Relations Advisors. Thank you.

Moderator: Thank you very much. On behalf of Nuvama Institutional Equities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.