



KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known As KRN Heat Exchanger And Refrigeration Pvt. Ltd.)

Registered & Work Office: Plot No.: F-46,47,48,49, EPIP, RIICO Industrial Area, Neemrana – 301705 (RJ)

CIN No.: L29309RJ2017PLC058905

Contact No. 9116629184

Date: 5th August, 2025

To,
BSE Ltd
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai- 400001, Maharashtra, India

To,
National Stock Exchange of India Limited
Exchange Plaza, C-I Block G, Bandra Kurla
Complex, Bandra (East), Mumbai-400051,
Maharashtra, India

Script Code: 544263

Script Symbol: KRN

Subject: Transcript of Investors/Analysts Call held on 1st August, 2025

Dear Sir/Madam,

With reference to our letter dated 28th July, 2025 in respect of Investors/Analysts Call, held on Friday, the 1st August, 2025, please find enclosed herewith the Transcript of discussion held during the said Investors/ Analysts Call.

The aforesaid information shall also be disclosed on the website of the Company at www.krnheatexchanger.com.

Kindly take the above information on your record.

Thanking You,

For KRN Heat Exchanger and Refrigeration Limited

Jitendra Kumar Sharma
Company Secretary



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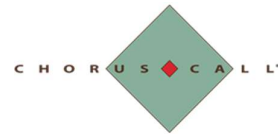


www.krnheatexchanger.com



“KRN Heat Exchanger and Refrigeration Limited
Q1 FY '26 Earnings Conference Call”

August 01, 2025



MANAGEMENT: **MR. SANTOSH KUMAR YADAV – CHAIRMAN AND
MANAGING DIRECTOR – KRN HEAT EXCHANGER AND
REFRIGERATION LIMITED**
**MR. SONU GUPTA – CHIEF FINANCIAL OFFICER –
KRN HEAT EXCHANGER AND REFRIGERATION
LIMITED**
**MR. JITENDRA SHARMA – COMPANY SECRETARY –
KRN HEAT EXCHANGER AND REFRIGERATION
LIMITED**

MODERATOR: **MR. YOGESH PATIL – DOLAT CAPITAL MARKETS
PRIVATE LIMITED**



Moderator:

Ladies and gentlemen, good day and welcome to the KRN Heat Exchanger and Refrigeration Q1 FY '26 Earnings Conference Call hosted by Dolat Capital Markets Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference has been recorded.

I now hand the conference over to Mr. Yogesh Patil. Thank you and over to you, sir.

Yogesh Patil:

Thanks Anushka. Good afternoon, ladies and gentlemen. On behalf of Dolat Capital, I have pleasure in inviting you all for Q1 FY '26 Earnings Conference Call with the management of KRN Heat Exchanger and Refrigeration Limited.

The management is represented by Mr. Santosh Kumar Yadav, Chairman and Managing Director, Mr. Sonu Gupta, Chief Financial Officer, and Mr. Jitendra Sharma, Company Secretary. Now, without taking much time, I hand over this call to Mr. Santosh Kumar Yadav for the opening remarks and then we will have a question and answer over to you, Santosh sir.

Jitendra Sharma:

Thank you, Yogesh. Good evening, everyone. I, Jitendra Kumar Sharma, Company Secretary of the company. It's my pleasure to welcome you all, KRN Heat Exchanger's Q1 FY '26 Earnings Call. I would like to thank each one of you for joining us today and for your continued trust in our journey. Joining me on the call today, we have Mr. Santosh Kumar Yadav, our Managing Director, and Mr. Sonu Gupta, Chief Financial Officer of the company. We are pleased to report a Q1 FY '26 result.

Our consolidated total income for the quarter stood at INR118.86 crores. Driven by healthy domestic and export demand, we achieved an EBITDA of INR17.59 crores representing a margin of 15.26% and delivered a net profit of INR12.42 crores with a solid net profit margin of 10.45%. Our EPS for the quarter stood at INR2 reflecting continued earnings, visibility, and operational resilience.

From a stand-alone perspective, our performance was equally encouraging. Total income stood at INR117.14 crores up 18.65% year-on-year. EBITDA came in at INR19.79 crores marking a 16.02% growth with a healthy EBITDA margin of 17.30%. Net profit grew sharply by INR34.85% to INR15.69 crores with a net profit margin improving by 161 basis points to 13.39%. The EPS for the quarter stood at INR2.52.

Our growth was supported by a robust year-on-year segment. Revenue growth was 20.36% led by both domestic and international markets. Domestic revenue contributed INR96.39 crores growing 17.27% Y-on-Y. While our Avarthi's revenue surged 39.04% Y-on-Y too, INR18.89 crores. With strong traction from the UAE and Italy, our expanding global footprint including presence in Germany, Canada, and France continues to serve as a key driver of growth.

One of the major highlights of our quarter was successful commencement of commercial operation at our Neemrana Manufacturing Facility under our wholly-owned subsidiary KRN HVAC Products Private Limited. This state-of-the-art facility launched on May 31, 2025

enhances our capacity to serve both domestic and global markets with high-quality heat exchangers and HVAC products.

In another significant development, our subsidiary secured approval under the PLI scheme for white goods with sanctioned incentive of INR141.72 crores by IFCI Ltd. This incentive will aid us in accelerating expansion, deepening backward integration, and enhancing localization, all of which are integral to our strategy of building a cost-efficient and self-reliant manufacturing ecosystem.

At KRN, we remain deeply aligned with the structural tailwinds supporting the HVAR and R industry from rising infrastructure development and sustainability focus to increasing adoption of energy-efficient systems. Our commitment to product innovation, operational excellence, and strong client partnerships continues to fuel our momentum. Looking ahead, we are focused on expanding our market share, strengthening our global presence, and executing our strategic roadmap with discipline and agility.

With a growing portfolio, a strong order book, and a highly capable team, we are confident of sustaining this positivity trajectory in the upcoming quarters. Thank you once again for your time and continued support. We now look forward to addressing your questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Jai Chauhan from Trinetra Asset Managers. Please proceed.

Jai Chauhan:

So, sir, my question was, like, with the new Thermotech Research Lab, what is your approach to building intellectual property? Like, do you have any patents filed or planned, or how do you see IT contributing to your competitive mode?

Santosh Yadav:

So, actually, this new lab we, like, make separately. Other than as a manufacturer lab, so it will be as a separate identity, like Thermotech Research Laboratory. However, it is only on subsidiary. So, we have already MoU with AHRI. It will be, like, first lab in India who will be, like, approved by AHRI. So, we already did the MOU with AHRI. And even lab equipment already dispatched from China. So, hopefully next week we are going to receive. So, another two months we have to, like, install the whole equipment.

And we are able to start, like, from September and early October. And then two or three months we will have to meet, like, for all certification nationally and then European and American and UAE side. So, by end of this year it will be completely ready for international, locally, and as well as for us.

Jai Chauhan:

Got it, sir. So, basically, like, my question was around, like, how do you see, like, what kind of thing you can, what kind of IP you can generate using this research lab? Like, can this help you to develop competitive mode going forward? Like, can you file patents for the same or something like that? Because I am just trying to gauge the industry at the moment?

Santosh Yadav:

So, actually IP we cannot get from lab. But we can get on our products. So, it will be work like that. If I want to, like, some specific particular tube with different geometry, like, internal geometry, maybe groove height or something like that. So, we can say, like, better efficiency

tube. So, first we have to contact with manufacturer of the tube. Then we can maybe have some sample. We can try in our sample. And we can get approval from lab.

And then we can file the IP address to this manufacturer on the tube side. And in product side also, if we have some, like, design specific, which is not in market available, then we can first test. And if we can get more efficiency compared to existing product, then also we can file. So, slowly we can work on IP side.

But first we will start lab. We can get the certification all. And then we can have, like, our product qualification, our product customer qualification. And then we will work on IP as well. It will be the parallel activity.

Jai Chauhan: Right. Right. Understood. And, sir, currently, if I'm not wrong, you operate 100% B2B with OEMs, right?

Santosh Yadav: Yes.

Jai Chauhan: So, sir, like, have you evaluated the aftermarket opportunity, replacement parts opportunity? I think that typically offers higher margin, right, sir?

Santosh Yadav: No, I think you are incorrect. Because in our product, aftermarket is a very, very thin margin. So, that's why we are not doing as of now. So, when we started the business, we started with the aftermarket only. So, once you have a new product, so you want to set the machines or your system, your manpower training. And then, of course, we did aftermarket earlier when we started.

But when we, like, moved in OEM side, so then we feel the aftermarket price is, compared to OEM, very thin. So, that's why we are not doing as of now. But, however, in new products, like for this roll bond and a wire and tube condenser, we have some new products.

So, for this new product, as of now, we started with aftermarket only. So, now we are settled on the things, our machine running and manpower training, QMS system. So, of course, we are doing aftermarket with new product, but not on our existing product.

Jai Chauhan: Right, sir. Right, sir. That answers my question, sir. Thank you. Thank you, sir.

Moderator: Thank you. The next question is from the line of Manish Ostwal from Nirmal Bang Securities Pvt Ltd. Please proceed.

Manish Ostwal: Yes, sir. Thank you for the opportunity and a decent set of numbers given the metro conditions. Sir, question on the, first, on the new facility which we have commenced in May 2025. So, can you talk about, in terms of how we are ramping up the facility? How we are adding the customers and especially export market side and domestic side? How many clients we added for the new facility so far? How many clients visited the facility? Can you talk about qualitatively? And that will be grateful for understanding the ramp up part of the new facility.

Santosh Yadav: Yes. So, as I said before also in earlier call, so we already started like in May. However, we delayed like almost more than two months. But finally, we started in May end or you can say,

so we did like only last one month. And from now, it's potentially two months. So, like machine already installed, all utilities ready and we started like back production or sample testing already in all components.

But now, we are working on QMS system, customer visit, quality approvals and of course, training of manpower. So, as of now, average like each week, we are having sometime one or sometime two customers who are visiting to our new facility, as well as our existing or some new customer as well.

So, hopefully, we assuming this quarter, we will have all customer approvals, quality system, manpower training and all things all set and from third quarter, we will of course ramp up in production and then third and fourth quarter, we will have good numbers from new facility. But this running quarter, of course, we will have less number. But of course, we have to do like other work as well, like QMS and then the training manpower machines, settle down things and all things.

Manish Ostwal:

Sure. The second thing, sir, if I look at our quarterly numbers, so we have our growth and revenues 20% of gross profit increase, very similar rate. But EBITDA is down and I understand that expenditure with respect to new plant we are incurring and because of that, EBITDA performance is weak. Can you call out specific cost with respect to new plant in the current quarter number so that we can understand the comparison from a Y-o-Y basis?

Santosh Yadav:

Yes. So, actually, standalone I think number is good. But our console has some issues. So, there is some depreciation we booked for one month. So, it's around INR1.25 crore. And then we like have some loan from KRN Heat Exchanger. So, we charge some interest as well because we have agreement like that. Once production restart, then interest will charge by KRN Heat Exchanger.

And then, of course, employee cost also around INR1.5 crore. And then we did some sample testing or machine trial. So, there is RM also consumed. But of course, we don't sell the product. So, that's why RM consumption. And then consumables like gas and electricity. And then employee cost. And then interest portion, and then depreciation, which include all I think around almost INR4 crore.

Manish Ostwal:

And sir, last question on the export side. So, currently we have export share of 16.4% of our consolidated sales, INR18.89 crores for the quarter. And it has been steadily improving for last 3-4 years. And now, with the new facility, if you just see when you talk about 6-7 times of revenue. What will be the share of the export? And in export business, what is the margin differential at a gross profit level compared to the domestic margin?

Santosh Yadav:

So, of course, I said before also like new facility, we plan such way that we want to improve our export only. Because as of now, we have congested facility or you can say optimized facility with very less space. So, that's why we built almost 600,000 square feet covered area. And it's need for big numbers, especially for export, because the need facility must be good.

So, we're targeting in next 3 years, we're able to achieve at least 50% of export from our own existing product. Of course, from not new. And margins are slightly, I think 3% to 4% we can

get better compared to domestic, if like in average. But it's not fixed. It's actually depend on product, company profile, business volume, and of course applications.

Manish Ostwal: Okay, sir. Thank you. Thank you very much.

Moderator: Thank you. The next question is from the line of Hiral Parekh from Dolat Capital. Please proceed.

Hiral Parekh: Hello, sir. Thank you for taking my question. So, I just wanted to understand. Can you help us understand what is the current status of approvals under the RIP scheme? And when do you expect the margin or P&L bank to start reflecting? And secondly, sir, I just want to understand, what would you call out to be the key triggers for the next 3-6 months?

Santosh Yadav: Okay. So, for RIPS actually, we need some certification like, especially for pollution by CTO. So, we're expecting in next week we're going to get this CTO. And then we can apply for RIPS. Other documents are ready. So, after applying, I think it will take around 6-7 weeks from government side. So, hopefully, we will get within this quarter from RIPS approval. And then we can get like incentive. We can start from third quarter of this year. And what was the second question? Can you repeat? Actually, I forgot.

Hiral Parekh: Yes, sure. I wanted to understand what would be the key triggers for revenue in the next 3-6 months in terms of order inflows, utilizations and packages?

Santosh Yadav: I understood. Okay. So, as I said before, like now we are working on customer visit. QMS approval from a customer existing, as well as from new. And like settle down the machines. And then giving the training of a new manpower with existing manpower. So, these things will be settled down, I think, in next 2 months from now. And then production ramp-up will start from third of quarter. And then third and fourth, we will have good numbers compared to existing. So, what we said before, I think we can achieve by end of this year.

Hiral Parekh: Got that. Thank you, sir.

Moderator: Thank you. The next question is from the line of Manik Narang from SSPL Securities. Please proceed.

Manik Narang: Thanks for taking up my question. I have three questions actually. First one is, as you have mentioned earlier, that the plant will operate at 25% capacity in the first year. Okay. So, can you guide us in which quarter we can expect it to reach at 25%?

Santosh Yadav: So, as I said, I think same question. However, I can maybe reply again. It will start from third of this quarter, like third and fourth of this year. So, Q3 you can get.

Manik Narang: Okay. So, from Q3 and Q4 we can expect it. It will operate at 25%, right?

Santosh Yadav: Yes.

Manik Narang: Okay. Okay. Fine, sir. And one more question is that, like in this quarter, how much of the revenue came from the new plant, that is from April to June? As I can see, there is not much of

difference in consolidated and standalone features in terms of revenue. And the plant has started to operate from May 31st, 2025. So, how much of the revenue came from the new plant during that period, April to June?

Santosh Yadav:

Revenue is not much. But however, we did some production. But actually, we don't have approvals of new plant from customers. So, we cannot dispatch from new facility. So, some part we made in HVAC. But however, we transferred in heat and then we can bill to Customers. So, less number.

But because once we start, then we have to first set the machine, all things. We have to train the manpower. We have to complete our QMS system by OEMs. So, not much building. But however, sampling and trial run that is going on is still. Some small lot also we started. So, small dispatch you can say we started.

Manik Narang:

As you said earlier, like during this meeting itself, that customers are visiting regularly. Like, did you secure any order so you can be confident that sales might be coming from the third quarter or fourth quarter?

Santosh Yadav:

No, customers like regularly. So, they will not check the products actually. But once we want to start from new facility, so they have to approve new facility in their system. So, they have to visit. They have to send their QMS audit or maybe quality person. They will visit and they do the audit and then we can start.

But we can make as of now, but we cannot bill from new facility to them till their approval. So, because we started 1-month -- 2 months back from now. So, 1-month you can say we have to run first sample or then pallet load and then mass production. So, now some of part we already started in mass production. But product will not approve by customer for sure. But facility will be approved by customer.

Moderator:

Next question is from the line of Shivkumar Prajapati from Ambit Investment Advisors.

Shivkumar Prajapati:

Yes. Hi, sir. Thanks for having my question. My first question is will you be able to you know through some light on the customer expansion or their capex plan for the next 2 to 3 years to whom we supply? Also, if you could mention the names which are possible for you.

Management:

Customer name, of course, I cannot disclose. But however, just average I can give you. As of now, our average is like that. On existing products, around five products per day we are adding in our shop floor from including all customers. And average for new customers is still two new customers per month we are going to add. But especially now you can say some big booms coming in data center cooling.

So, if you maybe heard today news from Google, they are going to invest around INR50,000 crores in India for data center. So, similar way we have good numbers we can expect from data center and then as well as commercial other sides like heat pump and then gas heat side, refrigeration side, all.



Shivkumar Prajapati: Okay, sir. And sir, we are also expecting demand from hydrogen, steel and renewable into vertical. So, what portion of FY '26 and '27 order pipeline we are expecting from these segments?

Management: No, hydrogen as of now we are not working. But if particular some OEMs they are maybe working on hydrogen and they are using our heat exchange that we are not aware yet. So, this segment we are not very aware and we are not supplying.

Shivkumar Prajapati: Okay, sir. And sir, this new subsidiary that we have formed is having some concessional tax rate of 15%. So, at what utilization level we expect our overall console tax rate to go down to say 20% or 18%. Like what would be the timeline for this?

Management: Can you repeat? I didn't get it again.

Shivkumar Prajapati: Sir, this new subsidiary that we have set up, it is having a tax rate of around 15%. I mean the concessional tax rate, right? So, right now on console basis we have 30%, 30%, 28% to 30% of tax rate. So, I am just trying to understand at what level, I mean at what capacity utilization levels or say in period terms, when can we see our console tax rate going down towards 20% or below it?

Management: So, I think, tenure, I cannot confirm. But it will work like that. Now Heat will not move further because it is already full. So, now whatever growth will come from HVAC only. So, HVAC have new tax rate and Heat has old tax rate. So, now whatever growth will come is from new facility only. So, once we have numbers, so of course HVAC will be going up always and then Heat will be steady or slightly down.

Shivkumar Prajapati: Understood. And sir, is there any criteria that we look before accepting any order? Is it the value or profitability?

Management: Of course, like small customer or like one or two number we cannot provide. And first once we have new RFQ, so we see the customer profile, if it is long-term or short-term or they will buy continue or one time order. And then based on that we offer like our price to them. And once they will agree on price, then we can move forward for development.

Shivkumar Prajapati: Understood. And sir, are there any opportunities for cross selling and upselling in case the SKUs that we provide to our end users?

Management: No, I didn't get it. Can you repeat again?

Shivkumar Prajapati: Sir, suppose we are supplying an SKU, suppose it is 500 rupees worth. So, suppose we develop any advanced SKU. So, did we pitch the customer because they have developed something really efficient. So, would you be interested in buying or something like that? Do we try to cross sell and upsell?

Management: Yes, yes. For this actually -- for doing this work, we are putting our laboratory, Thermotech Research Laboratory. Actually, what happens if some of the customers have their own laboratory or some they don't have. So, what happens if somebody or OEMs they have laboratory, so they are busy in new development only. But they are not working on existing product or old product.

So, what we will do, we will go to the customer or we will offer to them, okay, we can develop new series or new energy efficient or new high efficient product for you. So, we can take complete product from them and we can have our laboratory, we can test on their existing product. And then we can have data for their existing heat exchanger, then we can have software.

So, we can like do the simulation, then we can design new heat exchanger, energy efficient, cost efficient. And then we will test in our laboratory and then we will go to again customer and then we can have our test certificate and then we can offer to them some saving and some saving we can also retain. So, this way we already started work with OEMs. We have already some team for them work and once we have lab, so we will start this work also.

Shivkumar Prajapati: Got it. And sir, would you be able to provide us the breakdown margin profiles across any sector, say oil and gas or chemicals or others. I mean just trying to understand which sector offers the highest margin.

Management: This, as of now we are not doing and I am unable to answer if we can give or not. So, let me check with my team and if we can give, we can provide you separately, okay?

Shivkumar Prajapati: Got it, sir. And sir, last question, any guidance for the top line and margins for the full year FY '26?

Management: So, it is like that, like this last -- you can say last quarter and this quarter is still we will be in some pressure because of HVAC. I have, you can say the income is less, but of course we have expense, but from third quarter we will start to ramp up and then till fourth quarter we are able to achieve on existing margin. And then good numbers you can expect from next financial year because this RIPS policy we will be able to get, I think from third quarter and this PLI also from next year.

So, these two will maybe, will give you the more benefit on this margins and our export also will start from third quarter. So, this number six will add, then of course margin will start for sure from next year and this next earning quarter we will have pressure. But third quarter you can, maybe you can expect of similar way.

Moderator: The next question is from the line of Sanjay Nandi from VT Capital.

Sanjay Nandi: Hello. Good evening, sir. Thank you for the opportunity. Sir, just to guide it, like 18% has been our total exports roughly for FY '25 exit and we are planning to ramp it up to 50%, right? Is the understanding right, sir?

Management: Yes.

Sanjay Nandi: So, sir, if we plan to ramp it up to 50% of our total sales, then what could be our incremental overall margins, like if you can give some ballpark numbers in next 2 to 3 years on the line? So, can we expect something like 18%-20% kind of, what you used to do earlier?

Management: No, actually, like some, maybe I can maybe again on some product lines. So, as of now we are doing fin and tube heat exchanger, okay. So, fin and tube we are expecting same margin till this

year and next year of course it will be able to increase because of export, because of PLI, because of RIPS and of course because of solar, these things.

But other side, we are going to add some new product as well. So, some new product like from refrigerator side, we will have in margin compared to our existing product. However, we have bar and plate, have good margin compared to our existing product. So, if we average out all things, so this year we are going to achieve on similar way and maybe slightly down because of this HVAC pressure.

But from next year, we will be able to increase 1% or 2% on existing product due to these PLI and then RIPS and then new income tax scheme and these things. But however, other side we will have overhead is more compared to existing and then we have depreciation also is more compared to existing. So if I club things so we can maybe slightly 1% or 2% we can able to achieve more if I club all things.

Sanjay Nandi: Got it. Got it. And sir like if we presume like everything will be in production from the next year beginning onwards so FY '27 onwards. So, what kind of total sales can we just expect in next two years to three years on the line, like from INR450-odd crores currently. What kind of thing we can expect in next three years onward if you can give some next recommendation for us?

Santosh Yadav: So numbers exactly I cannot share, but however, this year we are expecting 20% to 25% of capacity utilization from new facility. And then next year is around 50% and then three years from now you can say almost 80% we can utilize from new facility. And our existing facility is almost full.

Sanjay Nandi: And sir what is the current debt profile in our books as we talk?

Santosh Yadav: Sorry can you repeat again?

Sanjay Nandi: Yes. What is the current debt profile like the net debt if you can help us with the numbers.

Santosh Yadav: No. I think the voice is breaking. What is your question?

Sanjay Nandi: Yes. No. Yes. I just wanted to get the figure for the net debt, as on debt. Net debt.

Santosh Yadav: Actually sorry, I mean, your voice is blurred actually. So maybe if somebody is able to understand I can reply.

Sanjay Nandi: Yes. Can hear me.

Santosh Yadav: Yes. I can hear you but when you -- this word is blurred actually. Can you repeat again?

Sanjay Nandi: Yes. I would like to get a figure for the net debt.

Santosh Yadav: Net debt. Okay.

Sanjay Nandi: Yes. Yes.

Santosh Yadav: So as of now like this term loan we are very less around INR2 crores and we are working capital only. So it's -- because we have some FD so as of now you can say we are in position almost zero as of now.

Sanjay Nandi: Okay.

Santosh Yadav: Yes.

Sanjay Nandi: Got it. And so just to mention that like today's news, some data center cooling, capex is coming up INR50,000 odd crores. So, what would be the quantum of power pipe in that entire capex?

Santosh Yadav: No. It's -- I don't have exact number, but today I only in some news, Googles announced they are going to invest INR50,000 crores in data center cooling in India. I am expecting I think 10% of HVAC system. That is not -- I don't have any data, I am just assuming my own experience. So, I think the data center can be 10% of HVAC system. So, maybe it's roughly INR1,000 crores I think only this project.

Sanjay Nandi: INR1,000 crores for the heat exchanger, HVAC segment, right?

Santosh Yadav: Yes. Yes. Like I am assuming.

Sanjay Nandi: Sir, is it a current...

Santosh Yadav: Yes. Sorry.

Sanjay Nandi: It's fine, sir. Just a ballpark number I wanted. And sir, what is the industry size as of now, as we talk?

Santosh Yadav: That question actually I recall, I remind because heat exchanger have like room AC also have heat exchanger and other industry also heat exchanger. So, it's the same product fin and tube type. So, industry size is I think more than INR4,000 crores if I club all. But if in commercial size, I don't have exact numbers because it's the mix actually.

Sanjay Nandi: No issue. Sir, no issues.

Santosh Yadav: Yes.

Sanjay Nandi: Got it. Got it, sir.

Moderator: The next question is from the line of Mohit from Subh Labh Research.

Mohit: Hi, sir. Sir, just a follow up on a previous participant question. Since we are planning a utilization of 25% this year from the new capacity. And the peak revenue from our capacity is INR2,400 crores. So are -- can we do a INR600 crores revenue this year?

Santosh Yadav: No. I think numbers, I never said to INR2,400 crores. So, it's maybe, we went we have like INR300 crores. That time we said 6 times. So we expect similar way. So, we are expecting from that way 20% to 25% this year.



Mohit: So sir from it calculates around INR1,800 crores. So, INR1,800 crores, 25% will be around INR450 crores this year.

Santosh Yadav: So, numbers, I need to calculate. So, maybe I can reply you personally or maybe you can share the contact details with the Yogesh. Then we can let you know.

Mohit: Okay. Sure, sir. We will take this offline.

Santosh Yadav: Yes.

Mohit: And, sir, my question is like you mentioned in earlier comments, that we have installed all the machinery in new plants. So, what amount of capitalization are we seeing this year?

Santosh Yadav: For balance sheet, right?

Mohit: Yes. For balance sheet.

Santosh Yadav: So, you are asking numbers or value, like?

Mohit: A ballpark number. Yes, a ballpark amount.

Santosh Yadav: So, that I don't have as of now. So, this also I can maybe reply you later. Because I need to check the account.

Mohit: Okay, sir.

Santosh Yadav: We still balance sheet not ready for this, because after that also we receive some machine after quarterly result. So, that also we will let you know separately.

Mohit: Sure, sir. We can take this next time. And, sir, since the US tariff has been implemented. So, after its implementation. Don't we expect any downside in demand from US or we will see the same demand as earlier?

Santosh Yadav: So, honestly we have as of now one or two customers only who use regularly. So, their side we don't have any negative feedback and some customers are already up to all stage. So, from that side also we don't have any negative remarks.

Because this product if they want to develop from other source, then also they have to take some times. And if they buy from locally. Of course, the price is much higher compared to us. If they add the duty as well. Or if they will buy to other country like China. I think China also have more duty compared to us. So, as of now...

Mohit: Correct.

Santosh Yadav: We are expecting there will be no much impact on us. But, however, still from my personal opinion, it is a -- I think from this end we -- I think everybody know we -- when we can change, we also don't know. So, we are working only like our way. So, we are not considering what will

be the tariff in next or what will be the income. So, let's see what will happen. But as of now there is no impact on us.

Mohit: Okay, sir.

Prateek: Hi, Mr. Yadav. This is Prateek this side from same team. Mr. Yadav, we have been reading about this district cooling centers, which probably is a probable alternative to HVAC, where a small part of the entire city is refrigerate -- is cool or rather chilled or rather refrigerated with the help of district cooling center.

I just wanted to get your opinion on, does it also require the evaporators and the condensers or is the infra similar to what is the current systems are. And our product will still go if district cooling centers are built, because probably there is one big tender in Amravati which has been won by some Dubai-based conglomerate if I am not wrong.

Santosh Yadav: Okay. So, this is good question for me. So, what will happen like, as of now maybe in the middle of city, like, big city like Delhi or maybe Bombay. So, everybody have their own heaters, like, or air conditioning maybe split or maybe window. So of course heat is also going outside and maybe nearby some other buildings. So there is maybe suffocation also in between the both building, and of course, energy wise also is wasting. So this I heard maybe I think few years back four years to five years. So government is planning like that. They are making one HVAC system maybe combined for all society or maybe they can club maybe 1,000 or 2,000 homes.

Prateek: Yes.

Santosh Yadav: And then they will cool, like, they will supply as a like gas supply what we are getting from outside as of now.

Prateek: Yes.

Santosh Yadav: So and they will match and put the meter as well. So for us is good. This cooling need heat exchanger and that's we are making only commercially. We called commercially heat exchanger. So room AC actually as of now we are not supplying. So our market share in room AC is almost zero. But this cooling our share will be almost more than 60% or 70%.

Because we are the expert of the bigger heat exchanger or maybe commercially heat exchanger. So our heat exchanger for sure we will use -- they will use on that technology or new technology and room AC our market is not there. So for us is the I think good.

Prateek: Understood. Understood. So you mean even if district cooling center comes the evaporator and the condensers are going to go nowhere. They will require it, in fact, even in bigger sizes probably.

Santosh Yadav: Yes. Yes. Because the heat exchanger for sure they need and they will put like water cooled or maybe air cooled chiller. So as of now air cooled chiller is our big market as still, because it's similar we like data center. So our product for sure will use, even room AC our product because we are not supplying to room AC. So room AC fin and tube is there...

Prateek: Yes.

Santosh Yadav: But not is our market. But this is our market. Yes.

Prateek: Understood. Understood. This is -- this was very helpful, Mr. Yadav. This just reminds me of one follow up if I may. So, Mr. Yadav, we are seeing in the high end residential projects. These days builders are now giving a central AC sort of arrangement in the entire apartment. So there also in case the split ACs or the window ACs are not there and the entire building is, I mean, air controlled with a central AC system. So, there also market share I mean time for us will increase, right?. Is that fair understanding?

Santosh Yadav: Yes. It is the same what we discussed because the central cooling also is same process they use. So, it's two or three way, like they put the chiller may be, this chiller can be air cooled chiller can be water cooled and then they have air handling unit and then they have fan coil unit. So, it's the complex like complete system. So, it means our coil we are supplying to fan coil as well, air cool as well and water cooled chiller as well, air cooled chiller as well.

Prateek: Yes. Those were our questions. We just request you know reply back on the 25% capacity utilization and commensurate revenue for FY '26 from the new plant. If your team can reach back that will be very helpful.

Santosh Yadav: Yes, yes for sure.

Prateek: Thank you Mr. Yadav. Good luck for the entire year ahead.

Santosh Yadav: Thank you sir. Thank you.

Moderator: Thank you. The next question is from the line of Yogesh Patil from Dolat Capital. Please proceed.

Yogesh Patil: Thanks a lot for the opportunity. Sir, quick math I have done as you mentioned Q2 will again take a little bit time to ramp up on the new facility. So, our revenues will be largely in line with the current quarter. Correct me if I am wrong.

And secondly, I have done small math. Suppose in a second half of FY '26, if the facility ramps up with the 25% utilization, then can we expect a INR200 crore kind of a revenue from the overall consolidated side per quarter? Is that a correct understanding? So that FY '26 overall calculation comes around INR600 crore or INR620 crore kind of a total revenue. If you could throw some light on these numbers, if possible.

Santosh Yadav: So, honestly exact number I cannot comment. But however, that is for sure the main ramp up on production side will start from third quarter of this year. And then fourth, of course, it will increase much compared to now or maybe third quarter. So, we are expecting if compared to like full year is 20% to 25% of utilization from new facility. Yes, that is for sure.

Yogesh Patil: Okay, fair enough. Secondly, can you provide some details on the order book for the next few months which are in our hands? How much time it will take to deliver? Any broader picture you can give us?

- Santosh Yadav:** So, I think that question is a repetition of the last call also because we don't have business like that project work we are not doing. So, customer we have like they developed us and then they have open order for only one month because based on their requirements. Then it's rolling actually. So, each customer we have open order for maybe next one month only. And then once we will like have new month, then they have some even -- they can share the forecast on mail.
- Okay, this will be done once we are able to like ready to material for dispatch and they share the few something like that. So, we don't have order book something like that we can share because of we don't do like project work or long lead time, we don't have. So, we are just rolling actually each month.
- Yogesh Patil:** Thanks a lot, sir. I will come back in the queue for questions.
- Santosh Yadav:** Thank you.
- Moderator:** Thank you. The next question is from the line of Hiral Parekh from Dolat Capital. Please proceed. I would request Ms. Hiral to unmute herself and then speak.
- Hiral Parekh:** Yes, most of my questions have been answered. Thank you.
- Moderator:** Thank you. The next question is from the line of Rakesh Khosla from Dhanishth Technical Investments. Please proceed. I would like to request Mr. Rakesh. So that participant is out of the queue. I will proceed with the next question. The next question is from the line Shivkumar Prajapati from Ambit Investment Advisors. Please proceed.
- Shivkumar Prajapati:** Yes. Hi, sir. So, sir, I just want to understand about the other expenses. So, would you please be able to make us understand what the other expenses include and what part is fixed and what part is the variable?
- Santosh Yadav:** So, as of now for further expansion we are thinking to get like in our portfolio complete product actually because backward integration we already did. So, as of now we have complete heat exchanger range. Even we are the only one who have like 21 geometry in India market for the heat exchanger.
- And then we have completely sheet metal range, including laser and Type Fin Pres so we can make like big part and small part as well. And then we have manifold site like tubing we have completely. So, now we are thinking to make complete assembly, like completely for commercial site.
- So, it's like railway air conditioning or you can something like that. So, we can assemble and there will be almost very negligible investment and we can start the production immediately. So, that way we are thinking. But however in next one or two months something conclude and then we will let you know from our market.
- Shivkumar Prajapati:** No sir, actually I was looking for that other expenses part on the profit and loss statement.
- Santosh Yadav:** Okay, okay. So, other expense I think, I need other expense. Do you have it? Because as of now this data also I don't have in front of me and CFO. So, maybe we can share separately, right?



Shivkumar Prajapati: Sure sir, sure sir.

Santosh Yadav: I thought you asked for.

Moderator: Thank you. As there are no further questions from the participants. I would now like to hand the conference over to the management for closing comments.

Santosh Yadav: So, thank you everyone for, like I received some good question and I really appreciate for who joined us for today call. And we are working on I think on what we promised as of now to market and surely we will achieve what we said earlier and what we said now. So, market is good and we have some good on track order as well in pipeline. So, customer is also appreciating our new facility. So, fully everything will be well in coming quarter or coming years and we will achieve what we said. Thank you.

Moderator: On behalf of Dolat Capital Markets Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.