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November 3, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
Scrip Code – 505283

National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.
NSE Symbol: KIRLPNU

Dear Sir / Madam,

Sub.: Transcript of the Conference Call

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation of earlier communication vide letter SEC&LEG/283 dated October 18, 2025; we inform that the Conference Call for Investors and Analysts was held on Tuesday, October 28, 2025 at 4:00 p.m. (IST) to discuss on the Unaudited Financial Results of the Company for the quarter ended September 30, 2025.

The Transcript of the Conference Call is enclosed and is available on the website of the Company viz. www.kirloskarpneumatic.com

You are requested to take the same on record.

Thanking you,
Yours faithfully,
For Kirloskar Pneumatic Company Limited

Jitendra R. Shah
Company Secretary
Membership No. 17243

Kirloskar Pneumatic Company Limited
A Kirloskar Group Company

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“Kirloskar Pneumatic Company Limited
Q2 FY '26 Post Earning Conference Call”

October 28, 2025



MANAGEMENT: **MR. K. SRINIVASAN – MANAGING DIRECTOR,**
-KIRLOSKAR PNEUMATIC COMPANY LIMITED
MR. RAMESH BIRAJDAR – CHIEF FINANCIAL OFFICER,
-KIRLOSKAR PNEUMATIC COMPANY LIMITED
MR. JITENDRA SHAH – COMPANY SECRETARY,
-KIRLOSKAR PNEUMATIC COMPANY LIMITED

MODERATOR: **MR. AMIT SHAH – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day, and welcome to Kirloskar Pneumatic Company Limited Q2 FY'26 Post Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, 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 assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Amit Shah from Antique Stock Broking Limited. Thank you, and over to you, Mr. Shah.

Amit Shah: Thank you Rina. Good afternoon, everyone. On behalf of Antique Stock Broking Limited, I welcome you all to Q2 FY '26 post earnings conference call of Kirloskar Pneumatic Company Limited. To discuss the result, we have the senior management team of the company represented by Mr. K. Srinivasan, Managing Director of the company; and Mr. Ramesh Birajdar, Chief Financial Officer of the company. I would request Mr. Srinivasan to give us the opening remarks, post which we can open the floor for Q&A. Over to you, sir.

K. Srinivasan: Thank you, Amit, and good evening to all of you. Let me say greetings for the Diwali festival season. May the festival of life bring us all a brighter and clearer future. Thank you all for joining the call today. I know there has been a significant level of disappointment, and I think we have a strong reason to explain what we have done and how we are going to do better going forward.

I have with me Mr. Ramesh Birajdar, the Chief Financial Officer, who will be able to explain the numbers. And of course, I have Mr. Jitendra Shah, the Company Secretary. Before we proceed with the business updates, can I request Jitendra to read out the disclaimer statement, please.

Jitendra Shah: Thank you, sir, and good evening to all. The presentation uploaded on the website of the company and discussion on the financial results during the earnings call may contain statements relating to future business developments and economic performance that could constitute forward-looking statements.

While these forward-looking statements represent the company's judgments and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. The company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances.

Further, investors are requested to exercise their own judgment in assessing various risks associated with the company and also the effectiveness of the measures which taken by the company in tackling this as indicated during the discussion. Thank you.

K. Srinivasan: Thanks, Jitendra. So let me proceed with the business update. We had a quarter that was challenging on all fronts in order booking, in sales as well as in execution, making it a rather poor H1. For the first time in many years, our order booking, sales and profits were lower than the corresponding period of the previous year. Sales in H1 was at INR665 crores as against

INR706 crores of the previous year. Most of the execution challenges came from package to be shipped both in refrigeration as well as packages for the CNG stations.

Domestic market was muted with various uncertainties causing delay in project clearance and approvals. Export sales at INR31 crores was also lower than the INR43 crores of the previous year H1. Order booking was most impacted due to the underlying uncertainty and churn, particularly in the oil and gas space, and this left us with an order book of INR1,667 crores as on 1st October as compared to INR1,624 crores on 1st April '25, significantly below our plan.

The mitigating factor in all this has been the finalization of a couple of large orders, which will utilize our unique manufacturing capabilities that we had recently set up. We will book these orders in Q3. We also expect that some of the delayed decisions will now be cleared, giving us the much-needed order bank for the next year.

We gainfully utilized this period of uncertainty to commercialize many of our IPs. The Tezcatlipoca centrifugal compressor has quickly established itself as the product to be in this space, having crossed the 100 mark. We now have an order of 115 compressors this year and of which we have done about 88 of them so far. We still have 27 to go.

The Janus D range of specialty motors and our new screw compressor as well as the Tyche semi-hermetic compressors have both had successful launch. We should see them scale up in the next quarter. Our subsidiary company, Systems & Components (India) Private Limited, where we have 55.26% holding, too had a muted quarter. Sales is about INR9 crores, and they became profitable for the first time in many quarters. We expect them to grow from here with increased market presence and support from the parent.

The net working capital was at INR202 crores. This is significantly lower than the INR316 crores the same period last year. This is on the back of strong receivable management and significant advances from the customers. Capex spent was at about INR28 crores. We expect to have a total capex spend of INR90 crores during the year. Free cash generation from operations in H1 was INR143 crores.

Now let's discuss the result by product lines. The Air Compressor business had two bright spots. The Tezcatlipoca centrifugal compressors as well as the reciprocating compressors for CO₂, which is co-generated in the ethanol industry. There was a general slowdown in the finalization of orders across industries, except cement and metal. With our new Janus D based screw compressors coming to the market, we expect to take market share in the next couple of quarters.

Refrigeration Compressor and Systems. The Refrigeration Compression segment was also running at two speeds. The large projects were running slow, plagued by uncertainty, while the food and consumption-driven business was booming. Here, our Khione packages were the star, winning orders across pharma, dairy, fisheries, concrete, casting, etc.

The ammonia reciprocating compressor continue to rule the cold chain and ice plant space. The Tyche semi-hermetic compressor was a new kid of the block, immediately taking market

share from imports. We expect this to scale up rapidly and take most of the 1,000-plus compressors that are currently being imported from Europe.

In a significant move, the Board cleared filing an application under the production-linked incentive scheme for entering the commercial air conditioning space with our unique Zephyros C system. The commercial air conditioning market in India is over INR5,000 crores, and we expect to address a significant share of this with our efficient and economic solution. This will be a completely indigenous product. Once approved, we will commission this project in 18 months.

Gas Compression systems. The oil and gas sector globally has been going through a period of unpredictability that has come from multiple reasons, technological changes, energy transition as well as the geopolitical uncertainty. As a company, we have learned to work with all this. We offer upstream, midstream and downstream compression packages, CNG distribution systems, biogas packages, hydrogen packages, etcetera. Yet with all this, both order intake and execution remained a challenge in H1.

We continue to get orders for packages, CNG stations and booster station, but clearly, this has been slowing down quarter-on-quarter for nearly two years now. We don't see this improving in the next quarters either. The only redeeming feature in this space has been the pickup of export orders for CNG packages to the MENA region.

Both biogas and hydrogen are still to scale up to any significant value. Export has never been a part of our strategy to grow in this phase of our growth. Consequently, we are not impacted by all the churn in this space. We expect to have about the same export of last year, that's about INR124 crores.

The tie-up with PDC Inc. in offering comprehensive solution for hydrogen and other difficult to handle gases has helped us to win a couple of packages. With changing priorities in the U.S., India and Asia seem to be a more attractive market for hydrogen packages, and we expect to see more activity here. The O&M service business continues to grow with the installed base growing. However, we did take a hit of INR2 crores as write-offs on account of bad debts in this quarter.

Outlook for H2 F'26. The industrial activity in India has slowed down in several sectors, and it does impact both the demand as well as sentiments. Capex spend, except in few government-led sectors is still very hesitant. Yet in all this, there are some clear areas of investment and growth, domestic consumption as well as a secular trend of localization of supply chain.

The two strategic choices that we made a couple of years back stand us in good step. One, focus on domestic market and look to export only after we pick up size and two, manufacture in-house as much as we can using technology as a differentiator. We have finalized a couple of large orders based on our manufacturing capabilities. With the new launches and this manufacturing capability led business, we expect to more than catch up in H2. We will deliver a strong double-digit growth this year, and we will do even better in F'27.

The commercialization of various IPs like the Zephyros C and entering the large commercial air conditioning market should ensure that our aspirational growth targets will be met. Now I will request Ramesh Birajdar, the CFO, to take you through the financial aspects first. Thank you. Ramesh?

Ramesh Birajdar:

Thank you. Good evening, everyone. I trust you must have reviewed the Q2 and H1 FY '26 financial results, which are published promptly on the BSE and NSE website following our Board meeting. A comprehensive presentation detailing these results is also available on company's website. For your convenience, I would like to provide summary of our performance for the second quarter, as well as the first half of fiscal year '26.

Sales of Q2 FY '26 were higher, compared to Q1 sales of current year. Sales at INR378 crores, it has registered a growth of 37%, compared to Q1 sales of INR272 crores, and compared to Q2 FY '25 sales of INR431 crores. The H1 FY '26 the sales were INR650 crores, compared to INR706 crores of H1 FY '25.

Other income for Q2 FY '25 was at INR6.8 crores, which is almost alike INR6.2 crores in Q2 FY '25. While other income for H1 FY '26 at INR15 crores, which is higher than H1 of FY '25, which is INR10.6 crores.

Material cost Q2 FY '26 was at 52.1%, compared to 51% in the corresponding quarter of the previous year. For H1 FY '26 and H1 FY '25 remains the same. This is due to better product mix. Package sales of our air conditioning and refrigeration division in Q2 FY '25, the split between the packages, which is around 33% and the product of 67% orders contributed to maintain the material cost at a reasonable level and we expect material cost to remain same in the remaining period of the year.

ERE increased to the extent of increase of manpower and impact of salary revision from April '25. During the year, deserving employees were granted increments aligned with the prevailing industry trend. As a result, the H1 cost for FY '26 stands at INR97.4 crores, compared to INR87 crores in corresponding period of FY '25.

There is no interest cost relating to any borrowing either for Q2 or H1. As a result, the company is a debt free company. I would like to state that company has a net cash and cash equivalent position of INR424 crores as on 1st October '25. During H1 FY '26, the company incurred capex of approximately INR29 crores and paid a dividend of almost INR42 crores. No big change in depreciation. It is aligned with the asset addition.

Regarding other expenses, we have observed a mix of both fixed and variable costs. There has not been any significant variation in the level of expenditure during the current quarter compared to the previous one. The strategic investment made by the company in installing solar systems at all our locations is now yielding the benefits. It is evident as the power cost have remained consistent despite increase in the activity at our Nashik location and Plant 2 in Saswad.

EBITDA at 17% in Q2, which is up from 15.7% in Q1 of FY '26. For H1 FY '26 EBITDA is INR109 crores at 16.4%, compared to 20% in H1 FY '25. PBT of INR57 crores at the rate of 14.8% for Q2 FY '26 against INR92 crores in Q2 FY '25 at the rate of 21%. PBT of INR94 crores for H1 while EBITDA of INR128 crores in H1 FY '25. Higher profit in H1 FY '25 was despite of some large package in Q2 FY '25. Consequently, PAT is showing a similar trend in Q2 and H1. PAT that is profit after tax in both Q2 and H1 with the PAT reduced from INR94 crores in H1 FY '25 to INR71 crores in H1 FY '26.

Company issued 17,700 equity shares in H1 under its employee stock option program. Previous year 68,200. Consequently, paid-up share capital increased marginally, as compared to the beginning of the year.

Basic EPS for H1 FY '26 is at INR10.98 as against INR14.50 per share in FY '25. With over 91% of revenues coming from our Compression segment, it remains the only reportable segments, and the segment profitability in Q2 is at 20.3% and in H1 at 19.5% as against 25.6% in Q2 FY '25 and 23.1% in H1 FY '25.

Company has an order board of over INR1,667 crores as against INR1,624 crores at the beginning of the year. Capital employed in the compression business reduced by INR78 crores reaching to INR258 crores at the end of H1 FY '26, compared to INR333 crores at the start of the year.

We have regrouped, rearranged the financials wherever it is necessary. We have published the consolidated income statement which now includes the newly acquired company system and component. Comparable financial details will be available only after completion of full year in the reporting cycle. Now this forum is open for discussion with our esteemed investors. Amit?

Moderator: Anyone out there? We cannot hear you. Mr. Amit Shah?

Amit Shah: Rina, we can open the floor.

Ramesh Birajdar: Open the forum for discussion, Q&A?

Moderator: Okay. The first question is from the line of Priyank Chheda from Vallum Capital.

Priyank Chheda: Yes. Hi, sir. Sir, just on the business scenario versus the 23rd July, when we had a call for the last quarter, you called out for INR500 crores of sales in Q2. In fact, if you see the business environment has improved since then. What would be the key factors that you would want to point out for the performance, which has been way below than your own internal targets?

K. Srinivasan: Yes. Thanks for this question because I think this is an important question to answer. We have three reasons why we think the business has not performed to the level it should have. One, there has been a structural change that is happening in the process gas business. Particularly in the gas distribution side, we seem to have lost market share in terms of the CNG packages and the boosters.

We seem to have not got enough clearances and we always thought that because of the site is not getting ready, I think, it's more than that. And that's the reason also when I said that we did take a hit of whatever old payment that it didn't make, because I believe there is a clear down trading in this sector where they have all gone down to cheaper products and they are acceptable to them. So first is there is a sectorial change and there we have to look at how we can make ourselves more competitive. That's the first one. That is our poor call judgment of what is happening in the market.

The second one is there is definitely a hesitancy in terms of giving clearances. I gave an example of Tezcatlipoca. We had an order for 115, about 27 are still under manufacture, which means really we're not getting enough clearances or drawing approvals to even complete the packaging. 80 have been delivered and out of that, only 46 have been commissioned.

The rest of the 42 are just lying at site without even commissioning, which means -- while we say the business environment is better, not really showing up in terms of project execution. Even where you push and deliver to them, the projects are not getting started. So they're all standing at site.

So overall, there is definitely a slowdown in project execution. That's the second one. The third one is new projects are projects is where bulk of the changes or lack of clearance is happening. If you look at general engineering, consumption-driven space, where we look at, let's say, air compressors, the demand is reasonably okay.

So the general consumption-driven things, there is some activity going on, nothing big has changed. That seems to be happening. Here, our market share as it is very low 5%. And there, we seem to have getting orders. It's not that there is no orders there. So that seems to be running okay.

But a clear big difference I would say is, one, process gas system not doing as well for us, so there's a loss of market share. Two, we definitely have a slowdown particularly in project execution. That is probably hurting us more than what it would hurt others who are driven by consumption driven.

Priyank Chheda:

Very clear. And for this, maybe the suggestion has been floated around is the three segments which we report, which is ref, air and gas. If you start giving out the quarterly revenues right upfront in the presentation, it would answer a lot of -- such one of the few turning points that you are trying to highlight. Thank you for that.

My second question is on the new launches, I think we have high hopes on Tezcatlipoca and Khione packages. So would you want to just highlight on in terms of how has been the sales over the last six months on these new launches and when you highlighted on the Tezcatlipoca where 42 are lying at your site, would it be fair to say that.

K. Srinivasan:

Not at our site, that's the customer site.

Priyank Chheda:

Okay. So but the revenue has been booked for 80, right, out of 115?

K. Srinivasan: Everything that is built and shipped out, the revenue is booked. 88 have been shipped out and that's been booked.

Priyank Chheda: Okay. Got it. So the question was on overall the new launches and their performance over the last six months?

K. Srinivasan: Yes. So like I said, the Tezcatlipoca clearly is the winner, probably the industry standard now. People have accepted it as the product to meet. So we can only see as projects happen more frequently and more projects get cleared, this will scale up. We talked of first saying that this is a market of about INR300 crores or so. I believe it can be even bigger and more and more market share will come from this product.

There is only at the moment, four grains that we make. We make 2,100, 3,500, 500 and 7,000. We don't address the full range of centrifugal. We will try and increase that during the next batch of product. So that's broadly what we do want Tezcatlipoca. Khione has got well established across all the industries. We talked of pharma, dairy, fishery and all these are picking up. So Khione packages also will continue to grow. We expect to do at least about 50 packages this year.

Priyank Chheda: Got it. And one last question before I come back in the queue. The order book for the last quarter, last year, September is somehow, I think, has got restated to INR1,624 crores versus last year, it was INR1,780 crores. So maybe a clarification on that. And sir, on your side, would you like to revise the guidance for FY '26 and beyond? Maybe there are interim jobs, but would you want to restate that starting FY '27 or starting next quarter, how should we think of the performance versus the original guidance that you would have been -- you are giving us?

K. Srinivasan: Yes. So as far as the guidance is concerned, as far as this year is concerned, we will get to very near a 15% plus growth for the full year. You will see in between Q3, maybe the growth is even higher because we had last year a poor Q3. But then for the full year, we have taken definitely above 15% growth on top line and correspondingly because the business ratios have not changed. So the profits will also grow by and large about 25%, 30% based on what we will do the same.

Priyank Chheda: And on the order book, which is got reinstated in the balance sheet?

K. Srinivasan: Order book has not got reinstated.

Ramesh Birajdar Order book INR1,624 crores is the correct, which is at the beginning of the year. So INR1,624 crores to INR1,667 crores, this is the 6 months of the period what I given to you in the presentation. So INR1,624 is correct, which is starting, that is the opening order book as on 1st April 2025.

K. Srinivasan: But your concern on order booking overall still remains. See, I must clarify that while we are giving you the total orders on hand compared to last year. We expected to book significantly larger number of orders in Q2 compared to what we actually did. We are not happy with our current position and we expect some larger orders to be finalized in Q3. As I speak, I know

that there are some big orders that we have finalized, but it's not in my hand. So I will still not talk about it till it's done.

Priyank Chheda: Thank you.

Moderator: Thank you. The next question is from the line of Rishabh Shah from BugleRock PMS. Please go ahead.

Rishabh Shah: Hi, thank you for the opportunity. Sir, my question is in the previous years, we have guided that our exports will be in the range of 15% to 20%, but we haven't crossed a bit 10% for many years. So just wanted to know what gaps were left from our side that we couldn't achieve our targets and any process in place to fill those gaps so that we can reach our target?

K. Srinivasan: Mr. Shah, I think in the last at least four, five years of all our calls, you will see we have been saying export is not our focus area. We will try and be even a global company operating primarily out of India and Indian market in this phase of our growth and we will talk of export being important once we come to a significant size and scale.

We always said that export will never go beyond double-digit. It's just single digit, it will be around 7%, 8%, and that's where we are. So I think there could be some mistakes in understanding. So I'll repeat again, export is not a strategy for us at the moment. There are only a few markets that we export to and that is largely the MENA region and Southeast Asia. The best export we did was INR177 crores. Last year, it was INR124 crores. We have always been saying that we'll do about the same this year as well.

Rishabh Shah: Okay. All right. Next question is what percentage of revenues come from the aftermarket sales since it is a very high-margin business? So are we taking any steps to further increase aftermarket as a percentage of sales?

K. Srinivasan: Sorry. But here again, I'll clarify. We've been saying in several calls, aftermarket margins and original product margin for us is almost about the same. We don't do any very special pricing on spares, etcetera, compared to other competitors who predominantly sell import-dependent capital goods. Consequently, they have to make their margin only on spares and service. Our margins are about the same on both. The second thing is we said sales and service combined is about 15% of our total turnover, and that broadly remains the same. That has not changed either.

Rishabh Shah: Okay. And next question is on we have said that the refrigeration side of business is 100% all imports and it is a INR3,000 crores market. So any steps on that side to gain maximum market share because INR3,000 crores only for refrigeration is a huge market for Kirloskar Pneumatic?

K. Srinivasan: So let me again clarify the refrigeration and air conditioning as a segment what we report is today predominantly refrigeration. We do very little or almost no air conditioning at all. Almost all of it is refrigeration business. The segment that we say where the refrigeration and air conditioning business consists of broadly industrial refrigeration, commercial refrigeration and comfort refrigeration or air condition.

Now we have not been in the last one, which is the comfort space, which is where air conditioning predominantly falls. The Indian market for air conditioning is roughly INR25,000 crores. It has got three parts. It's got the domestic air conditioning. It has got the commercial air conditioning, which is open circuit. And then there is a commercial air conditioning, which is run by what is called as variable refrigerant flow systems, which is what we see as the split air conditioners, etcetera.

Today, we are, for the first time, proposing to enter the air conditioning market, which we have never entered before. And we are offering the Zephyros C system for this space. And we are doing it by a unique process. So, we have still not announced it, so I would like to stay with that. The patent has been filed, but let the PLI get approved.

A unique process by which our Zephyros C would offer zero global warming potential and zero ozone depleting potential. This will be one of the most efficient systems. We have several patents around it and this will address roughly about INR5,000 crores of the INR25,000 crores market.

Rishabh Shah: Okay. So just last question in terms of cost structure. How different would be our cost structure as compared to our competitor, let's say, Atlas Copco?

K. Srinivasan: That's a very difficult question to answer because we compete with the company you mentioned in many sectors. In the air compressor business, our actual cost structure-wise, we should be much cheaper than them because they still import at least the key parts of the air compressors from abroad. If you look at the centri we make 100% here and they would import a significant part again. So, I would say that if you look at purely on cost structure, we should be significantly cheap.

Rishabh Shah: Okay. Fine sir. Thank you. I will get back in the queue.

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

Abhijeet Singh: Sir, first question is on the centrifugal compressors. So, sir, if I didn't hear it wrongly, the market right now in India is about INR300 crores. And I would like to understand, first of all, why do I use the centrifugal compressor versus the old traditional technologies of reciprocating and screw and which particular sector this market consists of majorly? And let's say, in the next five years, do we see this market expanding substantially? That's my first question?

K. Srinivasan: Okay. So just as a quick clarification. Centrifugal compressor is used in all applications where you need large volume of air which is free from oil. So, this is a dry clean air where it is used in large volume. Industries that use it, pharma, metal production then you look at the tyre industry, carbon black. So quite a few of them, textile spinning industry, a whole lot of them use large volumes of clean air without oil.

So, this is a very, very popular machine. It is used extensively where you need very large volume of air. In many cases, like as you start becoming bigger and bigger, companies will go more towards centrifugal than the other ones because the lifetime cost of running this is

significantly cheaper than either the screw or the reciprocating compressor. So, this is the way you will go if you can afford it. So that's the kind of a requirement that we are talking of.

Now the Indian market, I believe, is now more like INR500 crore, it's not INR300 crores, it should be more going up. We are a late entrant. There have been several other suppliers who have been importing and selling this in India. They have a local presence, but most of the compressors come from abroad. Ours is a completely indigenously designed patented built product in India.

It probably has the lowest cost of ownership among all the products available in India. Like any other new capital goods, it takes time for people to be convinced. They don't just get convinced by looking at it or seeing it or even trying it out. They will buy it, use it for some time, see its reliability, see its maintenance cost and see how well it runs. We have crossed that 10% threshold. Now there is a faster conversion. We win more orders now than we did 1 year back. We expect to become something like a dominant player in this in the next year or so.

Abhijeet Singh: Right, sir. And sir this INR500 crores that you're talking about is the overall demand in India, including the imported and the produced within the country?

K. Srinivasan: Yes. Almost everything is imported, except what we make.

Abhijeet Singh: Okay. So, we are the only player manufacturing this in India?

K. Srinivasan: Complete manufacture only us, rest of them import either most of it or a significant part of it.

Abhijeet Singh: Right. So, my question was to understand that the related penetration, let's say, in India, the market is INR500 crores, that would be less than 10% of the overall market or less than 5%, including all air, gas, refrigeration. So, if you compare the penetration of this product centrifugal technology in India versus some of the advanced manufacturing countries like China, Germany, etcetera. So, is there a significant scope to increase this penetration just in the next five years?

K. Srinivasan: Hard question to answer. General question is, if you ask me over a period of time, this will go towards at least 20% to 25% of the market. There are still smaller areas where other compressors will be used. There will be specific areas where you need higher pressures, where you still be reciprocating compressors. So, there are some application-specific needs where the other ones will get used. This at best can go to about 20%, 25% of the market.

Abhijeet Singh: Understood. Sir, second thing is on the air conditioning segment that we've entered into. Could you please talk about the product like INR5,000 crores market TAM out of the INR25,000 crores overall air conditioner market. So, what is the specific focus area here? And how do we see this market to grow going forward?

K. Srinivasan: See, the air conditioning market in India is growing. I gave you the current market, as you see from the reports. We are entering only a niche in this. We are entering the commercial air conditioning space, which is cooled from packages, larger packages and where you have cooled water piped and then air handling systems within the premises.

So, this is a range of product. It is not the full air conditioning where you would have a variable refrigerant flow system, you could have so many other ways of doing it. We are only addressing a segment of the INR25,000 crores market, where we believe we have a unique offering, which probably would be the lowest cost of ownership, lowest cost of operation and 100% indigenous India made.

Abhijeet Singh: And this is like a new segment for us completely. We haven't had this in the revenue coming from in the previous year?

K. Srinivasan: That's right.

Abhijeet Singh: All right. Sir thanks a lot for all the answers. I will come back into the queue.

Moderator: Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Hi, thanks for taking my question. First question on the commercial AC where we are venturing into. More clarity, if you could provide on the INR5,000 crores market? What is the competition? Any -- is this established market and how we want to venture into that and second thing is it domestic import, how we would like to penetrate? Is it distribution-led, tender based?

And third part would be what are the user use cases, user industries? Whether this will be for the commercial buildings or industrial? Some more color, if you would that would help. And finally, on the 18 months project timeline, would you require more capex, more investment on the products? So some more fine print on this would help?

K. Srinivasan: Okay. So, the first thing is Zephyros C is a KPCL, several patents around this offering that we have. We are careful about the actual design until it is fully launched. It's not commercially launched. We have still a couple of more patents to file. We have filed the PLI application for setting up a large-scale plant.

In the meanwhile, with our existing plant, we have made a couple of Zephyros, which have been put to use in our own, let's say -- within our control areas, within our control to test out its efficacy, test out its various parameters, etcetera. And so, we are quite hopeful and eager that we will be able to place it in the market in two speeds.

First is with or without PLI, our own manufacturing can take it up to a particular level, at least on a stage of doing a few hundred packages and that's the first one we will do. Parallely filing a PLI is to take it to a much larger scale where we can go for a few thousands at a time. So it's a much bigger project when we do that. So both will happen simultaneously and that's also the way we are planning it.

As far as the market itself is concerned if you go to any report or record on air conditioning, the Indian market for air conditioning if you go by segment, it's split between domestic and commercial and then industrial. So air conditioning alone. And if you look at it about 55% is domestic, we are not addressing it. Then there is about a 35% is commercial which is what we

are planning to address and then there is remaining industrial part, which we are not again addressing.

Now in the commercial space there are three products which are currently available, two or three products. One is what is called as the split air conditioner and then we have the variable refrigerant flow type and then there is cool air circulating system, etcetera. Our product is positioned to be among the most efficient in this space for medium-sized operation. If you're running a small mall, you're running a large wedding hall, or a restaurant, or smaller spaces, this will probably be the most efficient, most economic refrigeration air conditioning system.

Now this is an entry-level decision. Now, as we enter, as we perfect it, as we develop more variants, we will look at what other adjacencies that we can address, but that's too early for us to talk. Our estimate initially is we are focusing on about a INR5,000 crores opportunity and we're trying to place a product which will be technically superior, offering a lower cost of ownership, both in terms of capex, as well as opex.

Amit Anwani: Sure. So by any chance, we'll be working this offering this product in data centers also?

K. Srinivasan: At the moment in the first phase, no. Data center, I would put it in terms of more critical application-specific. Maybe in the second phase, we may try, but at the moment, no.

Amit Anwani: Understood.

K. Srinivasan: If you ask me, an extreme case where this can work beautifully would be if you're looking at eventually India moves into district cooling kind of air conditioning requirement, a version of it updated would probably be the best one to run for district cooling.

Amit Anwani: Right. Second question, sir, for the gas process and systems, where you highlighted that we lost market share also on the CNG side. Would you comfortable to share the volumes number? I think in the peak, we did about INR220 crores, INR240 crores revenue from CNG side.

K. Srinivasan: We have come down by 50%.

Amit Anwani: Sorry.

K. Srinivasan: We have come down by 50%.

Amit Anwani: Okay. By revenue, and by volumes also?

K. Srinivasan: Yes.

Amit Anwani: And when you say that we are losing, is it losing the market share? Is it because of the pricing? What -- obviously, the volumes are coming down since market is coming down. But what is the reason for losing the market share?

K. Srinivasan: So initially, our explanation was that people are not placing orders, they're not lifting extra. We thought it's largely because the sites are not ready and they're not getting clearance, etcetera. We realized that it was not in the orders. Clearly, we are not competitive enough in the current

scenario, which means the newer entrants are offering much, much lower overall price, which includes the equipment price and the five-year operation and maintenance contract combined, because there were -- these tenders are given out based on the initial quote, as well as the five-year O&M, operating and maintenance.

Where they seem to be doing things that we would hesitate is that they offer an operating and maintenance price, which is quite unviable. It doesn't work. And how they manage within that is an -- it's an Indian ingenuity at best I can talk of. And clearly, that's not what we will do. So, what we have to find a way to handle this, is we come with a superior technical solution, which will allow us to still be competitive. There is some more work to be done around this product and the way it is positioned. So structurally, we are not competitive in this space at this moment.

Amit Anwani: Right. And sir, finally, on the guidance. So now the ask rate would be more than INR1,200 crores revenue for the H2 and versus more than INR900 crores last year. So almost 30%, 33% plus, which we want to achieve in H2. And the kind of commentary which I understood there has been challenges in 2Q and we are expecting challenges in some areas to continue. So what gives us confidence? And in which areas we are confident that the revenue will come back very strongly so that we are able to do more than INR1,200 crores revenue in H2?

K. Srinivasan: Okay. So, more than INR1,200 crores, let me take it quarter-by-quarter. We have a clear target for Q3, which should be half of what you mentioned. And at the moment, I have packages and large orders under execution, which should get me that number. So by January, I think, we will see that the rest of the balance number will be not so big.

Amit Anwani: Right. And sir, on margins -- operating margins was -- will be able to maintain 17.8% operating margin we did in FY '25 and we were guiding there would be some improvement. Now seeing H1, are we expecting full-year margins to be similar to last year or lesser than that or better than that?

Ramesh Birajdar: No. In the last year, FY '25, Q2 was abnormal operating profit or operating margin because of the dispatch of the large packages. And in the Q2 FY '25 in the earnings call, we said this is the abnormal profit we got it because of the dispatch of large packages. But directionally, what we indicated to our investors that between 18% to 20% margin from our core business will be maintained. And we are still confident that we'll maintain the operating margin for our core business between 18% to 20%. That is sure.

Amit Anwani: Sure, sir. Lastly, if I can squeeze, if you can provide the breakup of revenue between air, gas and refrigeration for H1 and what was the growth -- Y-o-Y growth in each of the segment?

K. Srinivasan: Yes. We used to say that gas is roughly used to 45% came down to 40%. It's probably now down to about 30%, 35%. The refrigeration is about 35% plus and the rest is about 20%, at least air compressors and others. So what really...

Amit Anwani: In the H1.

K. Srinivasan: Yes. That's what has happened. So the gas has come down and that has been taken up by refrigeration and a little bit with the others. Now our bigger challenge is going to be after we finish the year, we will have to see the others, which is about 9%, can go higher than 10%, which means that's what we said we're going to utilize a little bit of our manufacturing capability to execute projects. We have orders in that space and that should give us some extra revenue. We're picking up some big orders in that space as well.

So we will see a shift reduction in gas space, more or less same or improving in the air conditioning space and improving further next year with the Zephyros C project as it comes in step-by-step. Air would remain at about 20% and there will be others which would probably go beyond 10%, which will include a lot of the manufacture that we are doing now. That's the way it's going to be.

Margins overall guidance remains. We will be at about what we said, around 18% to 20%, going towards 20%. That will not change. If you see actually the numbers in the first quarter, we did take an LD booking of about -- almost about INR14 crores in the first six months, which is unusually high because all the projects that we completed, we completed the last shipment in the first quarter or second quarter, we booked the entire LD.

Now this money doesn't go away completely. They all keep coming back after a lot of discussion and negotiation over the next couple of years. It goes on to a big battle and then you get back half of it or so. So this half year, now margins don't look at it. You will see overall margins will balance out by end of the year.

Moderator: The next question is from the line of Sahil Sanghvi from Monarch Network Capital.

Sahil Sanghvi: Yes. So I just want to clarify the split that you have given in gas, you said 30%, refrigeration 35% and air would be 25%. Is that correct? It doesn't add up to...

K. Srinivasan: No. About 20%. And like I said, the others is now scaling up.

Sahil Sanghvi: Okay. So others is what exactly, sorry?

K. Srinivasan: Okay. Others historically had a little bit of the gears and transmission that we used to make.

Sahil Sanghvi: Okay.

K. Srinivasan: Because this predominantly repurposed to meet our internal requirements of centrifugal, but still we make some transmission gears, etcetera, loose gears, that's growing. Plus we are putting our manufacturing facilities that we have set up for doing work for others.

Sahil Sanghvi: Got it.

K. Srinivasan: And that seems to be -- that's why when I say we're picking up some big orders, most of them seem to be coming on this, which is short cycle. I'm executing not a project, but I'm doing some manufacturing for others, and that seems to be picking up much faster than anybody expected. With all this I did put it out in my first opening comment; the two things that we said

do more internal manufacturing and look for exports on a significant way after some time. So the second one is doing very well, more manufacturing.

Sahil Sanghvi:

Got it. Got it. My second question is more of to understand the challenges in the refrigeration side, because in the starting comment of yours, you said that, we have challenges in both refrigeration and gas packages. So if you can elaborate a little bit more on what are the challenges on the refrigeration side and how do we aim to manage those? I mean last quarter, we -- you did comment on some of the Khione packages also not picking up or the issues with the Howden compressors. So if you can just highlight on the challenges over there and what we'll do to resolve them?

K. Srinivasan:

As far as refrigeration packages are concerned, large packages which use Howden compressors, Howden compressors are available. That's not an issue now. But these packages, most of them get commissioned very near the shores, around the sea coast, both east and west coast. Most of my large customers have been hugely delaying hesitation in taking these large packages and they are running at least between three months to six months behind. As these packages go out, the bidding will happen. So there's no manufacturing issue. Their site work is still going on and I expect that the site work will get completed and our packages will go.

Sahil Sanghvi:

Got it.

K. Srinivasan:

Khione packages are selling well. I don't know whether I shared in one of my presentations. We have now proven solid examples and establishments with dairies, with fisheries. Fisheries in spite of whatever is happening on export front, we're still picking up this. Dairies are picking up, food processing industries, people who make potato -- French fries and all this, a lot of them are picking up. So Khione is selling well.

Sahil Sanghvi:

Right. And last question would be, just to understand the kind of pickup that we have done on Tezcatlipoca, can you give us the number of the units sold in, say, last year and the previous year, I mean, just to give some relative understanding.

K. Srinivasan:

So the first year, there was hardly anything, 10 or 12 or 15. I don't even have the exact number. So we never crossed triple digits till this year. So this is really the biggest number that we hit.

Sahil Sanghvi:

Got it. And last year would be what, 40-50 or more than that?

K. Srinivasan:

Even less, 35-40.

Sahil Sanghvi:

Okay. Got it. Thank you so much for the opportunity and all the best.

Moderator:

The next question is from the line of Kunal Sheth from B&K 361. Please go ahead.

Kunal Sheth:

My question -- first question is relating to the gas compressors. We mentioned that we have lost some market share there. So what is the kind of price gap that we currently have with the newer players who are currently eating into the market share?

K. Srinivasan:

Kunal, I have a question. What is this 361?

Kunal Sheth: Sir, this is we've been taken over by 360 Wealth Management. So we are now a 361 company.

K. Srinivasan: Okay. Now I'll answer your question. So thank you for answering my question. So Kunal, it's like this. And why we sort of missed this also comes from the same reason. When you look at the package price to package price, let's say, a CNG gas station with a motor or an engine that we deliver to the online stations where there is gas pipeline. The package price is not too much of a difference that we see, particularly in the boosters and others.

The big difference come when tenders are being commissioned or given out, they include along with it a five year O&M contract. Now people are putting out prices for this five year O&M contract, but it's completely unmanageable. You can't run a O&M at that price. So obviously, you have to be very clever in a very negative way to manage in that kind of pricing. So we are not sure how they do it. We have some anecdotal references how they're doing it, etcetera. And clearly, that's not what we would do.

So we have to find a way to deal in this business in a better way. Now that's the reason why we are neither getting clearance for commissioning nor are we getting new orders. Now while this is happening, we also wanted to revalidate our product efficacy. Is our product good or we have to do something deeper in the product itself?

We had in the first 6 months, significant shipment. I mean, whatever INR33 crores, INR35 crores we ship, a large part of it all went as CNG packages to the MENA region. And they have -- some of them have been commissioned and they're working well. So it's not that we have a bad product. We have a business case that needs to be reworked and better, let's say, understanding has to come, and we'll see how to handle this.

Kunal Sheth: Got it, sir. But sir, would you believe that with -- so current guidance that we have given for the next two quarters or the current year is assuming the current market share, right, in the gas packages?

K. Srinivasan: Yes, yes. So I have fully digested now. There's no more holding back on the gas. Gas is more than compensated by what you will see coming up on both refrigeration and other manufacturing. We have fully digested the gas market share, and we are not taking anything outstanding out of it. January, we will see that the numbers are there.

Kunal Sheth: Sure. And sir, my second question is relating to the new segment that we are getting into refrigeration. So... why... yes, air conditioning. So early days, but any sense on what can be the size of this business, say, three years down the line, if everything goes as per plan?

K. Srinivasan: So I'll go back to the same thing we said when Tezcatlipoca we did. It's a new engineered patented design. We are doing things which others have not done. Even today, India imports almost all its compressors. It doesn't matter who, foreign companies, Indian companies, all the air conditioning and home refrigeration compressors are still imported. There are some people who are trying to build it, but almost even today, almost all of them are imported.

We are going to put an Indian made compressor with an Indian refrigerator into a complete green package, which will be the lowest cost to own and operate. Now we are opening new

spaces. Now our view is that we should first get this in, sell for the first six months. The market size is at least INR5,000 crores. If we crack it and get a 10% market share, then this is another Tezcatlipoca. You can't stop it. Everybody will jump into this, and then it's a whole new game altogether.

So I would talk more about it after we crack this market. But I believe we have an absolute winner with us. And when we see our own product working and wherever we are testing, we just evolves me.

Kunal Sheth: Sure, sir. Thank you so much and best of luck.

Moderator: Thank you. The next question is from the line of Khush Nahar from Electrum PMS. Please go ahead.

Khush Nahar: Thank you for the opportunity. A couple of questions. So first, the new segment that we are entering, could you elaborate more on the competitive landscape in terms of who are the existing players who are supplying these products? And what would be our moat in order to displace them and win the new orders?

And then secondly, I think in the presentation, we have mentioned that we have won an order for the first time in the hydrogen segment. So if you could elaborate more in terms of the opportunity and when do we expect this segment to scale up in terms of revenues?

K. Srinivasan: Okay. I'll take the second one first. We have put out quotations of almost more than INR1,000 crore for various hydrogen packages. The two orders that we've won gives us a lot of positive energy simply because for the first time, we are going to have an end-to-end. That means they will just take water and electricity, produce hydrogen, bottle it and put it into the vehicle, which will have -- most of these vehicles will all be with the fuel cell. They will convert this hydrogen back to electricity and run the mobility.

Now this is a joint project with the oil companies. They're going to own it and run it. The fact that they start this and they work with us allows us to be a critical part in this value chain. As this value chain grows, it may not become the biggest mode of transportation, but this will be a mode of transportation at least for the heavy vehicles, buses, trains, etcetera. We would get embedded into this value chain. So we are very happy with this, and we are happy to work and set these two stations up.

So let's see hydrogen is even today largely a subsidy-driven business. So we'll have to wait and watch in terms of priority, how much people would drive this with the current scheme of things. But we are in this value chain. So that's the first as far as hydrogen is concerned.

Now the second question you asked is on the air conditioning. See, air conditioning, you know all the big names. I mean there are foreign companies. There are two large Indian companies. Most of them have a play in the commercial air conditioning space. All of them are extremely well entrenched. But all of them have a few common things. Almost all of them import their compressor, number one.

Number two, all of them use refrigerant, which has a very large number of either ozone depleting number or a global warming number. So I'm putting out a refrigerant, which is 0 in both. So it is the greenest of refrigerants possible.

So we have several advantages. We are, at the moment, still not clear or made up our mind on the path that we will take. We may decide initially to do the product, do the installation, do everything. But later, we may still partner with somebody. We may only do the product and allow others to do the installation and the site work, maintenance, etcetera, or do a mix of both.

So let this evolve. We will do it in two steps. First step, get the product as acceptable and established in the market, then we will scale up on the marketing side. Does it answer your question, please?

Khush Nahar: Yes, sir. Thank you.

Moderator: Thank you. The next question is from the line of Eshwar from itthought PMS. Please go ahead.

Eshwar: Thank you for taking my question. The question was, what are our capex plan for the coming three years? What is the current utilization levels in our various verticals and the peak level we can achieve with the current capacity?

K. Srinivasan: Okay. This is a question that we have tried to answer several times. I'll try again. See, we spend on an average about between INR70 crores to INR100 crores on capex. This includes capacity increase and largely capability building. For the last 2, 3 years, most of our capex has gone into creating in-house manufacturing capability that are unique, which allows us to have a cost position which is competitive as well as to bring in the entire value chain within the company to the largest extent possible.

We will continue to travel on this. As far as the PLI scheme is concerned, we have filed for an application to put up a fairly large capacity to make Zephyros C. That is a PLI program. We don't know after we negotiate and agree, then we will decide. That will involve a significantly larger capex than our usual capex.

As far as capacity utilization is concerned, we say that we are about running at about 70%. We definitely have capacity to get the next year's growth always. That's how we plan. The capacity utilization should be at about 70%. So there is headroom for the next year's growth.

Eshwar: Understood, sir. Understood. Got it. And next question I had was last quarter we had some supply chain issues because of our partner in the EU, so which impacted our order intake and finalization. So, we also said that we would slowly be mitigating this through, you know, introducing our Khione compressors, in the smaller packages and subsequently scale them up to larger ones. Like, how has that turned out, sir? Have we even won any orders in the Khione series so far?

K. Srinivasan: So, like I mentioned, the Khione is taken off. We are building packages now at the lower end and customers are extremely happy with its performance as well as its reliability. Now,

Howden has itself come back in a better shape than what they were after the transaction that happened at their end.

They have been delivering products, but they're still again in the midst of another transaction because their parent is being again bought by another company, etcetera. So, the longer-term stability would mean a certain level of development by us, which we will continue to look at and work on.

Eshwar: Understood. Understood, sir. And my final question, sir, the compressor which you mentioned, the refrigeration compressor for which we have applied the PLI scheme for.

Moderator: Sorry to interrupt, Mr. Eshwar.

Eshwar: Yes.

Moderator: We have to proceed ahead.

Eshwar: Just let me just squeeze this last question. So, I just wanted to understand what stage?

Moderator: The next question is from the line of Abhilasha Sathana from Quantum. Please go ahead.

Abhilasha Sathana: Yes. Thank you for taking my question. Most of the questions are answered. Just on the order inflow. You said that there have been a few orders which have got, you know, delayed and you expect them to get through in Q3. So what is the visibility on that? So what are you estimating when you feel that the orders will come through because we are also seeing some structural challenges in terms of the some of the industries as you are highlighting.

This is my first question. And going forward, when you are guiding for FY '27, in that guidance are you also taking this commercial refrigeration product which you are awaiting the clearance and the commercialization?

K. Srinivasan: Okay. So with your permission, Abhilasha, I will quickly answer Eshwar's last one because I don't want them to feel disappointed.

Abhilasha Sathana: Yes, sure.

K. Srinivasan: So what he asked for the air conditioning business, the Zephyros C as a product is an established product for another area. We are repurposing it for air conditioning purpose. We have patents around it. And we have now done the full configuration of the package and we are now running test within our premises. So, this is an established thing. It's not in the air. So that's as far as Eshwar is concerned. Abhilasha, to your question. First question, you mentioned is on...

Ramesh Birajdar: Order booking.

K. Srinivasan: Order booking, we have some big orders that are coming in. We have finalized all the negotiation and they have cleared it and they have to just sign and give it. They are saying we will do it after Diwali. I don't physically have the order in my hand, but I believe it's been

done. So once that comes, we will have enough orders to feel reasonably confident about the next year's number. We are looking at next year.

Whatever orders we need for this year, we are almost there. We know what we're doing for the rest of the two quarters and we by and large have the orders with us. The routine orders what we call test and service is an ongoing thing. So, we are clearly having an order visibility for the year-end number. We are looking at how it is going to pan out for the next year, and we have orders.

Moderator: Sorry to interrupt, your voice is getting bit crack.

K. Srinivasan: Is it? Okay. Can you hear me now?

Moderator: Yes, sir. We can.

K. Srinivasan: Okay.

Moderator: Just distant yourself from the mic a little bit.

K. Srinivasan: Okay. Okay. So, the question is answered. Abhilasha, can you hear me?

Abhilasha Sathana: Yes, yes.

Moderator: Yes, sir. We can hear you now.

Abhilasha Sathana: Okay, go ahead.

Abhilasha Sathana: Okay, sir. So, that was my question. Yes. Thanks.

Moderator: Mr. Abhilasha?

Abhilasha Sathana: So, I am done with my question. Yes.

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

Balasubramanian: Good evening, sir. Thank you so much for the opportunity. Sir, my first question, I think we are launching A-800 compressor frame like very soon. I just want to understand, what are the specific market and customer segment for this frame compressor? And how does it complement the existing A-2100 - A-7000 - 2100 to 7000 range compressors.

And, sir, my second question is what are the structural delays from European suppliers which is impacting the refrigeration package finalization? And is there any active program to dual source or indigenise these critical imported components to derisk project timeline?

K. Srinivasan: Okay. On the first question, the A-800 is almost done. We're still now running trials inside the factory and we will probably start selling the first product. Wherever dry screws are now used, be it in pharmaceutical industries, food processing industries, some amount in the power

stations, etcetera, wherever dry screws are used, they can be much more comfortably replaced with the A-800. It's a small centrifugal compressor, 800 denotes CFM, cubic feet per meter of air. So this is a small machine, very efficient, dry air by definition and it's ideal for in the place of a dry screw.

Cost will be pretty much comparable, but the operating cost will be significantly lower. It is a range that doesn't exist in India so far. And so we are trying to replace an imported product, which is a dry screw. Once we launch the product and scale up, then we'll talk about what all market it can take. We believe it should be about at least 100 -- 100 numbers in a year. So that's as far as A-800. Now the second question that you asked is on -- sorry, what was your question, Bala, the second one?

Balasubramanian: The difference between the A-800.

K. Srinivasan: Okay. Sorry?

Ramesh Birajdar: Difference between A-800, 3500, 7000?

K. Srinivasan: Yes. So that's only the CFM. So, A-800 is only 800 CFM. The other ones are much larger.

Balasubramanian: What are the structural delays from European suppliers?

K. Srinivasan: Okay. So the European suppliers, sorry, I wrote it down. Okay. Howden supply, we explained already that is now behind. They are now better off. They are supplying reasonably on time. So we seem to be okay. At the lower end, we have already placed the Khione packages that are running well, and so that will continue to scale up and grow. So we are addressing it quietly. See, partnerships are to take us through both good and bad times. We cannot respond or react by quarter. So we will do things in a nice way.

Balasubramanian: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Dhavan Shah from AlfAccurate Advisors. Please go ahead.

Dhavan Shah: Yes. Thanks for the opportunity. Sir, so my question -- I have just one question, and that is on the order inflow side. You mentioned that there are some large orders which are going to come in the third quarter. Can you share the size of those orders? I mean it could be in the project side of the business. But what could be the potential size of one order? And how many orders are you expecting incrementally in Q3, because we are running at roughly INR300 crores kind of the order inflow run rate since last three quarters.

K. Srinivasan: Yes. So, we have been running very much behind our plan for order booking, particularly considering what are the targets that we have for sales for next year. So we are deeply worried. What we expect in Q3 is we should book orders significantly above INR500 crores, INR600 crores. So that's our target.

There are a couple of big orders, which is about half the size of the total years, so the INR600 crores that we talk of, that we have seem to have finalized. We have not got the orders on hand. Let's have it on hand. We'll talk about it. So, the visibility for us this quarter is important that we get at least about INR600 crores plus of orders, and we expect we'll do that.

Dhavan Shah:

Understood, sir. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to management for closing comments.

K. Srinivasan:

Yes. So, to all of you for patiently hearing us out, I know it's a complex business, and we probably disappointed all of you in this quarter. We hope that we will have strong numbers when we come the new year, January.

Most of all the uncertainty that comes out of both geopolitical changes and structural changes in our business has been digested. We have several new happening that's good and happening as far as we are concerned. And hopefully, we will have a strong H2 to complete the year in a positive note. Thank you very much.

Management:

Thank you.

Moderator:

On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.