Ref.: SEC&LEG/599

July 29, 2026

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/583 dated July 18, 2026; we inform that the Conference Call for Investors and Analysts was held on Wednesday, July 22, 2026 at 4:00 p.m. (IST) to discuss on the unaudited financial results of the Company for the quarter ended June 30, 2026.

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 Rajaram Shah
Digitally signed by Jitendra Rajaram Shah
Date: 2026.07.29 13:02:30 +05'30'

Jitendra R. Shah
Company Secretary
Membership No. 17243

Encl: As above

"Kirloskar Pneumatic Company Limited

Q1 FY27 Earning Conference Call"

July 22, 2026

MANAGEMENT: **MR. AMAN KIRLOSKAR – 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. SANJEEV ZARBADE – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Kirloskar Pneumatic Company Limited Q1 FY27 Earnings Conference Call hosted by Antique Stock Broking Limited.

As a reminder, all participant lines will be in the lesson only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Sanjeev Zarbade from Antique Stock Broking. Thank you, and over to you, Mr. Sanjeev.

Sanjeev Zarbade: Thank you, operator. Good evening. On behalf of Antique Stock Broking, I welcome you all to 1Q FY27 Earnings Conference Call of Kirloskar Pneumatic. I am pleased to have with us today, Mr. Aman Kirloskar, Managing Director; and Mr. Ramesh Birajdar, the Chief Financial Officer. Along with the management team, congratulations to Mr. Aman and team Kirloskar Pneumatic for delivering steady profit growth in 1Q and all the best for the future.

So may I now invite Mr. Aman Kirloskar to discuss the results, post which we can take the Q&A. So over to you, Aman. Thank you.

Aman Kirloskar: Yes. Thank you. Good evening. Thank you all for joining the call today. I have with me Mr. Ramesh Birajdar, Chief Financial Officer; and Mr. Jitendra Shah, Company Secretary. Before proceeding with the business updates, I kindly ask Mr. Jitendra Shah, our Company Secretary, to read out the disclaimer statement.

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 development and economic performance that could constitute forward-looking statements. While these forward-looking statements represent the company's judgment 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 addressing various risks associated with the company and also the effectiveness of the measures which taken by the company in tackling them as indicated during the discussion. Thank you.

Aman Kirloskar: Thanks, Jitendra. I will proceed with the business updates. The first quarter of this financial year came with some headwinds, particularly from the ongoing conflict in the Middle East.

The geopolitical uncertainty weighed on broader risk appetite and caused a temporary slowdown in capex decisions and order finalization, resulting in a softer quarter for order bookings in our package business. Our equipment business, which is largely domestic, saw an opposite trend with record order inflows driven by strong demand across end-user segments and continued market share gains across newer products like the Tezcatlipoca centrifugal compressor.

Despite the geopolitical events, our operational execution remained robust with our supply chain concentrated around Pune and our integrated unique manufacturing capabilities, we were able to work through the challenges posed by the external environment.

I'm pleased to report our highest ever Q1 revenue crossing the INR300 crores mark, along with EBITDA growth of over 20%, underscoring the strong value addition from our product mix and in-house manufacturing strength. We also continue to push the envelope on innovation, filing 35 IPs this quarter, a new record. We expanded our portfolio with the launch of 2 advanced solutions, the Tonalli containerized biogas plant and the highly anticipated A-800 centrifugal compressor in the Tezcatlipoca range.

These additions strengthen our presence across high potential industrial applications, broaden our addressable market and enhance our competitive positioning. We believe these new offerings will support sustainable growth and position the company to capitalize on improving market conditions as demand normalizes.

Coming to individual business units. I'll start with the air compressor division. This division had the highest order booking in its history this quarter, driven by strong orders coming in from sectors like power plants, carbon dioxide and metals. This was also particularly due to large orders booked for our Tezcatlipoca centrifugal machines, which continue to gain market share and acceptance.

We have also had a moderate growth in our screw compressor business. Coming to refrigeration compressors. This was a quarter as usual for the division with no large package dispatches. This quarter also did not have any package orders booked. It is important to note, however, that the division did book several large package orders in the last month of the previous year.

We have, however, seen the highest order booking for Khione in a quarter, which is still at a low base but growing rapidly. Our standard ammonia reciprocating compressors saw growth in order booking, mainly driven by growth in some of the end user segments. We also successfully commissioned the Tyche semi-hermetic compressor last year and it has gained market acceptance, reflecting the product's reliability, performance and the customers' confidence.

On the process gas side, order booking was muted largely due to the impact of the geopolitical crisis in the Middle East. We were expecting to close some large orders abroad, which have been delayed. CNG compressors, however, have had a decent demand this quarter, slightly higher than the previous year.

Biogas, in particular, has been doing very well this quarter with order booking levels that are a record high for us. The outlook for this business is quite good with many large tenders expected this year. We expect this year will be a good year as far as order booking is concerned but many of these packages would be slated for dispatch starting next year.

On the precision engineering division, we had a slow quarter for this division as we are yet to have our dispatches pick up. We do expect that Q2 will show a notable improvement.

Coming to the outlook, looking ahead, we anticipate the geopolitical situation in the Middle East may continue for some time, which will continue to impact the pace of order finalization and execution time lines. It may also affect dispatches to the Middle East region. However, the broader structural shifts underway in the market remain highly favorable for our business.

With the conflict in the Middle East affecting gas supplies, we are seeing an increase in adoption of alternatives like biogas. Additionally, domestic upstream activity as well as transmission pipeline opportunities seems to be very active and picking up this year. This all bodes well for the future of our process gas business.

In markets abroad, a similar trend seems to be playing out. And once the war concludes, we would expect that the inquiry flow would improve further. As the fuel mix gets increasingly gasified, we would have increased demand for our products. The demand for India's cold storage, food processing, fisheries and ice plants continues to grow and our compressors used here are seeing this growth.

For new products like Khione, we expect this year to be a good one. As far as precision engineering is concerned, while the business is still nascent with dispatches yet to pick up, we have quoted on some orders, which will leverage our vertically integrated manufacturing base and our wide range of unique capabilities.

We expect that the products offered by this division will continue to grow, but it may grow slowly as these products tend to be highly critical and development cycles may be long. We believe that each of our businesses is well positioned for growth in the long-term, whether it is more gasified fuel mix, demand for cold storage, food processing, dairies, etc., growth of Indian industries or the need for highly critical components to displace imports. All of these growth drivers are expected to have a good future.

Now, I will request Mr. Ramesh Birajdar, CFO to take you through the financial aspects.

Ramesh Birajdar: Thank you. Good evening, everyone. The results of Q1 FY27 have been posted on the BSE and NSE website for your review. The presentation and detailed income statement detailing these results have been also uploaded to our company's website.

Let me summarize the Q1 performance of FY27. Revenue from operations reached a record INR300 crores in Q1, up 10% from the INR272 crores in Q1 FY26. This represents the highest ever first quarter revenue in the company's history, making a significant milestone in its growth journey.

Other income for Q1 FY27 stood at INR7.9 crores compared with INR8.2 crores in Q1 FY26 and remained broadly in line with the corresponding quarter of the previous year. The total income for the quarter increased to INR308 crores from INR280.2 crores in Q1 FY26. Other income primarily comprised earnings from the investments, dividend income and miscellaneous recoveries.

Material cost to sales in the current period stands at 43.9%, reflecting a 3.3% improvement from Q1 of previous year, which was at 47.2%. This enhancement is attributed to more of a favorable product mix and in-house manufacturing of select components. Employee-related expenses stood at INR53.7 crores in the current quarter, up from INR49 crores in Q1 of previous year. This increase reflects a moderate salary revision implemented at the start of the year and addition of few manpower in Q1.

Nothing paid to bank as financial charges in the form of interest. Company has no loans, neither term loans nor working capital loans, and it is a debt-free company. Depreciation for the current quarter stood at INR8.8 crores, up from INR7.2 crores in the Q1 of previous year, reflecting a depreciation rate aligned with the pattern of asset additions in our Nashik plant and Hadapsar plant.

Manufacturing and processing charges, this is a new line item in the profit and loss account being the expenses to be disclosed, if it is more than 10% of the total expenses. This is mainly the job work charges and outside processing expenses. There is no major change in these expenses, 10.5% were there in the Q1 FY26, while 10.2% in Q1 FY27.

Other expenses comprising of both fixed and variable costs, which are mainly selling and general administration expenses stood at 12% of sales in Q1 of current year versus 10.4% in Q1 of previous year. Expenditure levels remained largely stable with no significant variation during the quarter.

EBITDA for Q1 increased to INR54 crores with the EBITDA margin improving to 17.6% of total income compared with 15.7% at INR44.1 crores of EBITDA in the Q1 of previous year, reflecting continued improvement in our operating profitability.

Profit before tax for Q1 stood at INR45.6 crores compared with INR36.8 crores in the corresponding quarter of the previous year. The PBT margin improved to 14.8% from 13.1%, reflecting a stronger operational performance and effective cost control.

Profit after tax grew at INR34.1 crores at 11.1%, while it was INR28.1 crores in previous year at 10%. Company has issued 5,000 equity shares previous year, 16,100 shares during the Q1 under its employee stock option program. Consequently, paid-up share capital increased to INR12.99 crores from INR12.98 crores at the start of the year.

Basic earnings per share improved to INR5.25 per share in Q1 of the current year compared to INR4.33 in Q1 of previous year. With over 94% of revenue coming from our core business that is Compression segment, it remains the only reportable segment. The company has improved segment profitability at 22.1% in Q1 in the current year against 18.30% in the previous year. Capital employed in Compression segment decreased by NR44.1 crores to INR372.8 crores compared to INR416.9 crores at the beginning of the year.

New order booking during the Q1 close to INR300 crores, as a result, the company has order book over INR1,853 crores as on 1st July '26 against INR1,863 crores at the beginning of the year. Wherever necessary, the figures from the previous year have been relooked, adjusted to align with the current reporting.

Apart from the financials, other points also to be noted, company's credit rating was upgraded to AA from AA- with a stable outlook, reaffirming its strong financial fundamentals and robust liquidity position and consistent operational performance. This milestone underscores the confidence of CRISIL rating agency in the company's long-term growth prospects and financial discipline.

Number two, demonstrating its continued commitment to high standards of corporate governance, company has expedited the payment of final dividend, which was approved by the shareholders in the Annual General Meeting held on 21st July, that is yesterday. The final dividend now credited to bank account of eligible shareholders effectively within 24 hours from the conclusion of the Annual General Meeting.

Now this forum is open for the discussion with our respected investors.

Moderator: The first question is from the line of Balasubramaniam from Arihant Capital.

Balasubramaniam: Good evening, sir. Thank you so much for the opportunity. Sir, for A-800 frame, how we are positioned and what is the market response? And secondly, on the Tonalli side, this is especially for decentralized waste-to-energy market side. What is the commercial strategy for this product and how we are going to scale up in that category?

Aman Kirloskar: Yes. So on the A-800, this is a product which has been under development for quite some time. There's nothing really like it in the market today. It is the smallest capacity class compressor - centrifugal compressor and it would compete against other compressors giving Class 0 oil-free air.

There are several advantages when we compare a centrifugal to a typical dry screw compressor, mainly around the total cost of ownership, the efficiency is better and the maintenance charges are significantly less.

So at the moment, we have gotten some inquiries and we are quoting for them, but we want to make sure that the first installation is a good one and will be something which is marketable for us so we can get more. So, we are being a little selective and making sure that the first installation that we get will help us get more orders.

Coming to the Tonalli, this is something which we innovated as a result of our own requirements. It came out of an internal process and essentially, it helps to dispose of or convert waste food from our canteens. This then converts the food into a mix of fertilizer and biogas and the biogas can be reused within our own canteens, having a payback period of around 2.5 years.

At the moment, we are looking at some segments which we believe would have a requirement for this kind of product, namely hotels and hospitals. We would again market this a little cautiously just to ensure that the first few installations are ones which generate a good amount of word of mouth and help us market the product. I hope I've answered your questions.

Balasubramaniam: Yes, sir. Sir, secondly, in the opening remarks, you mentioned about Khione compressors is expected to be a good one. If you could mention which are the categories are really doing well and which are the categories are lagging?

Aman Kirloskar: Yes. This year, mainly fisheries, ice plants, food processing, these kinds of sectors do seem to be doing quite well.

Balasubramaniam: And which are the categories are lagging, sir?

Aman Kirloskar: At the moment, we are not seeing any lag. There are some segments, which are flat. But I think it may be a little too early to kind of make a prediction for the year. But in the past quarter, we did have a good order booking across all segments.

Balasubramaniam: Sir, my last question, I'm trying to understand over a medium to long-term perspective. I think, which are the commercial launches we have done is really doing good. But in the futuristic purpose, so which are that 3 to 5 breakthrough technologies or products we are focusing on, whether it's hydrogen compression and liquefaction technologies or it's like cryogenic cooling or CO2 capture and compression side, whether high-speed industrial machinery or emerging applications like data center cooling or aerospace side.

So, I'm trying to understand what are the next-generation products over the medium to long-term perspective we can look at?

Aman Kirloskar: Yes. So, I think if you look at the history of our past product launches, one trend does tend to come out. We are in a capital zone space and the machines which we sell are all highly critical and relatively low value compared to the overall investment. What this means is that our end customers would really want to buy a product which they know will work. And therefore, selling the first product often takes a very long time. Selling the second one takes a long time, maybe not as long. And then slowly, the snowball starts rolling.

So actually, the products which you are seeing today, whether that is centrifugals, new machines coming out in refrigeration, these are products, which will be relevant in the medium and long term. That is not to say that our existing products would go anywhere.

We are very fortunate to be in a space, which doesn't seem to have any disruptions in terms of the technology and the requirement for practically our entire range seems to be growing. So it would be a complementary offering to what we are already offering.

Balasubramaniam: Okay sir, got it.

Moderator: The next question is from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.

Kashyap Javeri: Yes. Thank you so much sir for the opportunity and congratulations for a great profitable quarter. My first question is on the precision engineering part. I understand that this quarter was weak, but we have a full-fledged division out there with a manufacturing facility. If you can throw some light on what kind of expenditure have we done there, the kind of machines or how many machines have been deployed and whether we are going to cater to industrial consumer, what part of the precision engineering.

And also going forward, what kind of investments can we expect out there? Second question is on your gross margin, which also with the reflection of the backward integration. If you can throw some light on very strong gross margins, which happened this quarter? And are they sort of continuable in the future?

Aman Kirloskar: Yes. So firstly, on the precision engineering, this is a business which really came out of our unique manufacturing capabilities. So over the past few years, you would have noticed that we have been setting up various capabilities to backward integrate our manufacturing processes, whether that is a new forging plant, castings, fabrication, etc., A lot of the way in which we've thought through it and how we've set it up is fairly unique.

And PED, actually, we've not really invested more than that. What that means is a lot of the demand for PED is actually internal. What we have done is we want to use the excess capacity to cater to external requirements. So, from an investment perspective, these investments have been done in the past, and they are being utilized internally.

As far as the end segment goes, like I've said previously, we would refrain from really talking too much about it until we have some clarity on the sustainability of the business. And on the gross margins, this gross margin is largely a result of the product mix and the in-house manufacturing. In the long term and our commitment has always been that we will keep our EBITDA between 18% and 20%.

Kashyap Javeri: But just on the precision engineering side, in terms of management bandwidth, are we at a point where we are ready to invest...

Moderator: Sorry interrupt sir, Kashyap sir, your voice is breaking. Can you please repeat your question?

Kashyap Javeri: Sorry, is this better?

Moderator: Yes, that's better.

Aman Kirloskar: Yeah.

Kashyap Javeri: Yeah. Just on the precision engineering side, now as a management, are we in a place to now invest more time bandwidth also. And going forward, let's say, next 5 to 7 years emerging quite a meaningful player out there could be a major business segment for us? Is that over, let's say, next five years to seven years?

Aman Kirloskar: Yes. You were breaking up, but let me try and answer as I understood it. We do see that this business would be sustainable in the long term as long as we are able to develop and our customers are able to accept the products, which we will manufacture. We are continually developing our own products. That being said, this will still be a relatively smaller part of our business. It might be 10% to 15% of our overall business 5 to 7 years from now.

Kashyap Javeri: Sure sir. That is it from my side. Thank you so much.

Aman Kirloskar: Thank you.

Moderator: Thank you. The next question is from the line of Prathmesh Salunkhe from Nippon Life. Please go ahead.

Prathmesh Salunkhe: Hi. Thank you for the opportunity. So two questions. Given the revenue of about 300 crores this quarter, despite a weaker base year-over-year in Q1 FY26 is slightly disappointing. And as you mentioned in your opening remarks that there has been some delays in dispatches, right? So is it possible that some of the revenue has been deferred to next quarter? If so, would it be possible for you to quantify?

Aman Kirloskar: I would refrain from quantifying, but certainly, some revenue, which we were expecting to happen in this quarter has been deferred to the next quarter.

Prathmesh Salunkhe: No, is this package revenue? Or was it a product revenue, if you could?

Aman Kirloskar: It would be a mix of both.

Prathmesh Salunkhe: All right. All right. And during the quarter, sir, just wanted to understand, which were the segments, which are actually contributing positively versus which is not. So basically, I assume air compressor and refrigeration must have been good. But since your commentary suggests that there has been some pickup in upstream in India, right? So what is your outlook on the Gas segment now? Because gas compression was a laggard in entire last year. So how do you see this business going forward?

Aman Kirloskar: Yeah. So coming to this current to Q1, we had actually growth across all of our segments. The company did grow, but the growth would have been very moderate. The business which actually grew the best was the process gas business. This is on the back of some dispatches, which were fairly large, which happened this quarter.

My outlook as far as the PGS business goes, as I said in my opening remarks, the inquiry levels are quite high, especially in the domestic market. And as the energy mix gets more and more gasified, this does bode well for this business. In addition to all this, we are also seeing a lot of demand for alternative fuels like biogas. And again, as I said in my opening remarks, we did have record order booking as far as biogas is concerned. But again, the base is not as large as some of the other businesses.

Prathmesh Salunkhe: All right. So now that we see some uptick in the biogas business, how do you look at the margins for FY27? Because FY26 base of EBITDA margin of about 20% was quite high. That was partially due to lower contribution from the Gas segment, right? So now if we expect Gas segment to contribute positively towards the overall revenue mix, do you see margins tapering off in '27?

Aman Kirloskar: Yeah. So I think as we always say, we'll be between 18% and 20% as far as our margins are concerned. That is where we aspire to be. We may be higher, we may be lower, but that is going to be the average at what our expectation should be.

Prathmesh Salunkhe: Alright. Thank you so much for answering my questions. All the best.

Aman Kirloskar: Thank you.

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

Amit Anwani: Hi Aman. Thank you. Thanks for the opportunity. First question on the challenges you highlighted, the Middle East disruption and supply issues. Is it related to particular product? Is it for any business vertical? And amid you expecting that to continue? Are we changing our guidance of 2,100 crores for this year because of any of these near-term challenges as they continue to persist? Yeah. That's my first question.

Aman Kirloskar: Yeah. So the businesses is, as far as the challenges which have arisen due to the geopolitical situation abroad, these are largely limited to the package business, and that is again limited to order booking. There is also a challenge on dispatching previously booked orders to that region. And that is something which may impact, but we don't have such a high exposure currently as far as the sale is concerned. And as far as guidance goes, we would not be moderating anything at the moment.

Amit Anwani: We're maintaining the guidance. That's what you are saying. So this precision engineering business, we had 500. So I think I recollect you saying that this is a short-cycle business. So is it fair to assume that H2 will be lumpier in terms of revenue booking for this division?

Aman Kirloskar: No. we did say this is a short-cycle business. Development cycles are long, and we are expecting that we will start to have dispatches for this business in Q2, but they will continue throughout Q3 as well.

Amit Anwani: Right. Second question, you highlighted about Tezcatlipoca broadening the market and market share. So with A800, if you could highlight about now what's the addressable market? And what is our market share in Tezcatlipoca? And any colour what is the absolute number of in terms of revenue and how that has grown for Tezcatlipoca?

Aman Kirloskar: Yeah. So we'll not give an absolute number, but we would have probably a mid-teens market share as far as our Tezcatlipoca addressable market is concerned. Very difficult for me to break out a figure for A800 market because, as I had said, this is a fairly unique product, which actually doesn't exist in the market currently. However, from what we can tell, it should be a fairly large market in terms of having a market for an individual product node. So sorry, I'm not able to answer your question. Our market share would be mid-teens, and we are expecting to book more than 100 crores worth of orders in Tezcatlipoca this year.

Amit Anwani: Okay. But I think we used to highlight 500. So has that meaningfully increased in terms of the addressable market with these product launches which you're adding?

Aman Kirloskar: Yes, this would increase. You're talking about Tezcatlipoca market size, right?

Amit Anwani: Yes.

Aman Kirloskar: Yeah, it would be more than 500 crores.

Amit Anwani: Right. And lastly, how much was the product versus project for this quarter? And segment-wise, do we continue to kind of stick to refrigeration growing faster than air and then gas? This is my question, yes.

Aman Kirloskar: Yeah. So our package dispatches for this quarter were quite minimal. It would probably be less than 25% for the whole quarter. And as far as the growth goes, we do expect that the refrigeration business will continue to grow on the back of growth in the end segments, largely cold storage, dairies, fisheries, etcetera. It's quite tied to the India consumption story. However, as I've said, there is also a very good outlook for gas on the back of this various disruptions caused by the geopolitical conflict. So I do expect that over the next few years, we should see good growth there as well.

Amit Anwani: All right. Last question, if I can squeeze on the Zephyros. Are we expecting any revenue contribution this financial year from Zephyros?

Aman Kirloskar: Yeah. We will have revenue contribution, we will have revenue contribution this quarter itself. It may not be meaningful, but we will have revenue contribution.

Amit Anwani: And things on track for that product in terms of what you envisage in terms of the scale-up of the revenue for next year?

Aman Kirloskar: Yeah. for this year, we want to get a good installed base and get a good reputation in the market. This will help us as we are trying to sell something which again doesn't really exist in the market and is a pretty unique solution, which has, we believe, many benefits, especially in the Indian context. The key thing for us this year is we do want to have a good installed base across various applications. And we did start putting out quotes last month. And yeah, I think this month itself, we'll start booking orders.

Amit Anwani: Right. Thank you so much all the best.

Aman Kirloskar: Thank you.

Moderator: Thank you. The next question is from the line of Yash Jhurani from Qode Advisors. Please go ahead.

Yash Jhurani: Hi sir. I just had two small questions. One was the gas is around 40%, 45% of our revenue. So how is the demand in the industry and for yourself shifting between the CNG station capex and the oil and gas process compression? And what carries gas growth in future as, say, CGD build-out measures?

And the second question is on the line of, so you're net cash positive with an upgraded rating to AA. And what's the capital allocation priority going in future, be it capacity or inorganic acquisitions or shareholder returns? So yes, these are my 2 questions.

Aman Kirloskar: Okay. So, on the gas side, it's actually, we say between 35% to 40% of our business. As far as the growth in the end segments, coming to CGD, if you look at the projections from about 7,000 today, we are expected to go to about 15,000 in 2031.

This means that the demand that is there should continue to grow year-on-year. As far as gas systems is concerned, as there is an increase in upstream or midstream activity, that would augur well for the business, but that is much more lumpy compared to, let's say, shorter cycle CNG compressor business. The second question, I would request our CFO, Mr. Ramesh Birajdar, to answer.

Ramesh Birajdar: Regarding the cash generation, we already planned a capex of INR100 crores for the FY27 and plus additionally, we are doing for the Zephyros. And if you see the Zephyros commitment from the company side, it is INR320 crores. That will happen from FY27 as well as in FY28. So, we are in line with that capex spend and the cash generation will be utilized for that purpose.

Moderator: The next question is from the line of Manish Goyal from Thinqwise Wealth Managers LLP.

Manish Goyal: A couple of questions. On gas packages, earlier, you were alluding that the pipeline seems to be strong for the order inflows and some orders which you have received last year will probably get executed in FY28. Maybe if you can clarify and give more perspective on this?

Aman Kirloskar: Yes. I think what I meant is that the activity as a result of the geopolitical conflict, there is a lot of, let's say, activity happening in the upstream and midstream segments in the domestic market. This means that the current inquiry levels are quite high and most of these orders will be slated for execution in '28 or beyond. And these are currently all inquiries, but the demand for packages has certainly gone up.

Manish Goyal: And you also mentioned that certain packages ordering booking, which was expected, got deferred. So, do you see it's a longer period in terms of order finalization or maybe probably this quarter or next quarter, we can see some closures?

Aman Kirloskar: Yes. So, I would segment it. The orders from the Middle East, particularly have been deferred and that will possibly take quite some time. But the domestic market is seemingly quite robust.

Manish Goyal: And so on CNG also, you said that things have improved from quarter 4, we had seen improvement on both inflows and execution. And this quarter also, you said execution. So now do we see a fairly good revenue increase in the current year from the CGD part?

Aman Kirloskar: I think we would see a slight improvement. It may not be very large. We are looking at possibly launching some additional products towards the end of the year, which will help us expand our portfolio here.

Manish Goyal: And also on coal gasification projects, which are coming up and a lot of interest from the government to provide incentives. How are we positioned over here? And what could be our possibly TAM, say, on certain size of the orders if you, because I believe there are multiple compressors requirement in coal gasification.

Aman Kirloskar: Yes, yes. So, I would segment it in multiple ways. One is on syngas compression; we have a couple of compressors, which have been used in the past. We have also received some inquiries for these compressors in the last quarter. We also have another play in this, which is for process refrigeration when things need to be separated out of the gas.

And we have an active inquiry here as well, and we have executed a similar order in the past, maybe 15 years ago. So we have multiple plays in this. It will be very difficult for me to give you a TAM at the moment. I think as we get more familiar with this kind of business, we'll be able to indicate that to you.

Manish Goyal: Sure. And sir, one more question on the hydrogen compressors. We did get some order and we were probably on execution of it. So just maybe if you can give us more insight as to how is the execution and how are the order inflows in the hydrogen compressors.

Aman Kirloskar: Yes. Execution for our current orders is going as we had scheduled. I think as far as order inflows is concerned, this is a fairly nascent industry, and I think the unit economics really have to work out for it to take on a very large scale. We are still quoting and a lot of, let's say, pilot plants and proof-of-concept kind of things is what the inquiries are. So I think at the moment, it is a fairly small part of what we do. We expect it to grow over the long term. But at the moment, it is still quite small.

Moderator: The next question is from the line of Raj Shah from Enam AMC.

Raj Shah: Thank you, sir, for the opportunity. My first question, sir, is on the, I have your annual report in front of me, sir. So in FY26, our revenue growth was around 9%. But if I go into the granular detail, the product sales growth was just 3%. However, service income grew by almost 50%. So from INR204 crores, it was up almost 50% to INR300 crores. So can you please throw some light on what led to this 50% growth in service revenues? And obviously, it helped you increase the margins as well.

Aman Kirloskar: I would request Mr. Ramesh Birajdar to answer that question.

Ramesh Birajdar: The service income, mainly component of the O&M, what we are taking care of the gas stations. And last 2 years, it has gradually increased from 700 to 1,000 plus now. So -- and the performance-wise, we are at 98.5% and more for all gas stations. This is one reason. And the equipment business is also growing along with this large package business, which is quarter-on-quarter, it is changing.

But if you see the service income from the O&M, it has increased almost by 25% to 30% because we got the gas stations' maintenance, that is O&M and now it is 1,000 plus because whatever we dispatch the packages that CNG and booster the 2 years ago after the COVID period, that has already started functioning in somewhere in the last 2 years. And that is why the quantum has increased substantially in the service income.

Raj Shah: Okay. So this number shall continue to increase, sir, going forward as well?

Ramesh Birajdar: Based on what we dispatched and we are also targeting the new customers, we are expecting to maintain similar growth in this revenue.

Raj Shah: That is 50%?

Ramesh Birajdar: Not 50%, you can say between 25% to 30%.

Raj Shah: Second question, sir, is there any update on our erstwhile roadrailer business, which we were trying to sell a few years ago?

Ramesh Birajdar: The roadrailer business is already closed. We have taken this as one exceptional hit in the year, FY26 as well as FY25 and no assets are in the company now. It is completely wiped off and all the assets are sold. And whatever the hit is required is already taken in earlier financial year.

Raj Shah: Okay, okay. Got it. Thank you very much.

Moderator: Thank you. The next question is from the line of Resham Jain from VVD Asset Managers.

Resham Jain: So, I have just one question related to Zephyros. If you can just highlight what is the total capex being done on that front and how the revenue ramp-up will happen in this case because as per the PLI, I think it has to be done in 5 years. So some guidance around Zephyros?

Ramesh Birajdar: We have already informed, I think, in the last call that we have installed 2 packages, one in our Saswad factory and another is in the Hadapsar factory. And the third one we are installing in this month in the Hadapsar factory. We have got the first order for the Zephyros in this month and we'll execute in due course.

Overall capex, what we submitted for INR320 crores is still valid, and we'll do that. And what is the commitment for the sales, that is on the way. We have a dedicated team now working for the Zephyros and they are going in the market, checking with the customers, finding out the new segment for the specific application of this air conditioning. And we expect that this will grow somewhere from this Q2 and onwards.

Resham Jain: Because INR320 crores, last time you mentioned that this can generate like 4x to 5x kind of turnover. So how will the ramp-up happen? Like will it be second, third year where we will see a substantial jump? Or how do you see...

Ramesh Birajdar: Substantial jump will happen in the FY28 and because we have the dedicated team working for the -- because this is more of a concept selling rather than the product. And people are liking this product. People are happy that what performance they are seeing with the current what we installed in the factory. And this will give another big segment for the company.

Resham Jain: Okay, right. Got it sir. Thank you.

Moderator: Thank you. The next question is from the line of Sahil Sanghvi from Monarch Networth Capital.

Sahil Sanghvi: Hi good evening. Thank you for the opportunity. My first question is what part of the total order book is currently coming from the PED division, if you can help me understand that?

Aman Kirloskar: I think it will be around 15%.

Sahil Sanghvi: And this would be executed within a year?

Aman Kirloskar: Yes.

Sahil Sanghvi: Okay. Okay. And secondly, I just wanted to understand, no, sorry, that's already answered. Thank you, that's all from my side.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Kirloskar for closing comments.

Aman Kirloskar: Yes. Thank you all for joining the call today, and thank you to Antique for hosting us. Thank you all. 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.