



“Kirloskar Pneumatic Company Limited  
Q4 FY26 Earning Conference Call”

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**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. DHIRENDRA TIWARI – ANTIQUE STOCK BROKING  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Kirloskar Pneumatic Company Limited Q4 FY26 Earnings Conference Call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dharendra Tiwari from Antique Stock Broking Limited. Thank you, and over to you, sir.

**Dhirendra Tiwari:** Good evening. On behalf of Antique Stock Broking, I welcome you all to 4Q FY26 results conference call. I'm pleased to have with us today Mr. Aman Kirloskar, Managing Director; and Mr. Ramesh, CFO, along with the management team. As you are aware, the company continues to deliver long-term growth. Congratulations to Mr. Aman and team Kirloskar Pneumatic. All the best for the future.

Now I invite Mr. Aman Kirloskar to discuss results, post which we can take the Q&A. Over to you, Aman. Thank you.

**Aman Kirloskar:** Thank you, Dharendra. Thank you all for joining the call today. I have with me Mr. Ramesh Birajdar, the Chief Financial Officer of the company; and Mr. Jitendra Shah, the 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 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 them as indicated during the discussion. Thank you.

**Aman Kirloskar:** Thanks, Jitendra. Let me start by wishing all of you a very happy and prosperous new financial year. FY27 has begun, and it is a good moment to reflect on where we have come from and set the context for where we are going. I would like to highlight a few key points of FY26. During the year, we had the highest order booking of more than INR2,000 crores. We declared the highest total income of INR1,786 crores and the highest PBT of INR356 crores.

We developed a couple of new products, including the Zephyros air conditioning package, providing a competitive edge in a new business segment. We also declared the highest dividend of INR12 per share, which is 600% on face value of INR2. During the last financial

year, we made meaningful progress on our long-term goals despite external uncertainties. The domestic market remains strong with significant performance in the food, dairy, chemicals, fertilizers and general engineering sectors. While oil and gas lagged due to slower order finalization, we saw momentum begin to pick up in the last quarter.

Additionally, products such as the Tezcatlipoca centrifugal compressor and the Khione refrigeration compressor continued to gain market share. Coming to innovation, we have made significant progress on development of several cutting-edge compression solutions, represented by our highest ever IP filings of 57 for the year, taking us to over 128 IPs filed. In recognition of this, KPCL has been awarded a top 30 IP-driven organization by CII. We launched our oil-free air compressor, Hydrino, and we are quite happy to note that we have even booked a few orders for these.

For the year, we also launched our Tyche semi-hermetic compressors, which we have also sold. Our Zephyros air conditioning package will be commercialized in the market in the first quarter of FY27, as we are still doing some fine-tuning to compact the design and reduce the costs. However, the units that we have installed in our Hadapsar office at Saswad factory are running very well. Our enablers remain robust and well aligned with our values and culture. In recognition of our best-in-class HR practices and policies, we were honoured with the HR Excellence Award from the Institute of Directors.

Our PBT last quarter was also significantly elevated. This was made possible by all the enablers we've been working hard on for the last few years. Our in-house capabilities, which allowed us to offset inflation to some extent and resulted in higher margins. We also took a measured approach in markets with lower margins like boosters and screw compressors and did not get into any price wars here. If we could get an order with the margins we wanted, we took it. And if not, we let it go.

Lastly, we focused on less contested spaces based on our own IP and import substitution, which also helped push up margins. While this quarter and year has been good on the margin front, we would like to caution that this year would be a bit of an exception, a margin expectation of 18% to 20% EBITDA would be more sustainable. While we always strive for higher margins, we must also consider the impact on growth and find a balance.

Now coming to our business units. The air compressor division, the year was good for the Tezcatlipoca centrifugal compressors, which continue to take market share. Aside from our key sectors of metals and power plants, we have also managed to get some orders from sectors like pharma, tyre manufacturing and textiles during the last financial year. Our range of reciprocating compressors also did well with orders for gas compressors hitting record highs. Screw compressors were a laggard the last year.

ACD remains to be roughly 18% to 20% of our business. On the refrigeration side, the business delivered a strong performance during the year, achieving record high volumes for our KC/KCX compressor range. Khione sales also continue to pick up and gain more acceptance in the market. We executed several large packages this year, some of which went out in Q4. The business is roughly 40% to 45% of our total business.

Coming to process gas systems. As we had previously mentioned, our decreased dependence on PGS has derisked our reliance on large oil and gas orders in the Middle East. However, our O&M business is expanding. We currently manage over 1,000 CNG stations across India, reflecting an increasing trend in this segment.

While current gas shortages have not yet impacted the CNG market and order booking remains active, we continue to monitor potential future effects. The Gas Systems division performed well this year, and the outlook remains positive. We expect the geopolitical situation in the Middle East to drive demand for domestic exploration and upstream gas projects.

Furthermore, there's a renewed interest in alternative fuels and KPCL is well positioned to capitalize on opportunities across various sectors, including biogas, hydrogen and coal gasification. PGS contributes roughly 35% to 40% of our business.

We have also established a new business unit in the last financial year, which is Precision Engineering division. We have established this division to leverage our manufacturing capacities and capabilities, including forgings, castings and precision machine components at our Nashik and Hadapsar facilities. Please note that this is a non-reportable segment for FY26.

Given the renewed interest in specialized manufactured products, we believe our unique capabilities are well positioned to drive growth. While we have secured several orders in this segment, and we are currently in the execution phase, we would avoid talking too much about this business until we are clear that this is sustainable and not one-time in nature.

Coming to the outlook. Despite the challenges of the past year, including delayed package orders and late finalization of large contracts, we believe we remain well positioned to deliver strong growth ahead. The current geopolitical climate has increased demand for exploration and upstream packages alongside rising interest in alternative fuels like biogas and hydrogen. We offer established solutions for all of these segments.

Furthermore, our core revenue-generating sectors, including oil and gas, food, dairy, chemicals and power are all expected to grow. Our localized supply chain and focus on Make in India import substitutes insulate us from many geopolitical risks and provide a competitive advantage.

We continue to invest in unique in-house manufacturing capabilities that will further strengthen our market position. With our strong order board and a substantial volume of active proposals entering the new financial year, we are confident in achieving our growth objective of 20% plus.

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

**Ramesh Birajdar:**

Good evening. The presentation outlining key trends observed in Q4 and FY26 results has been uploaded to the Investors section of our company's website. Additionally, following today's Board meeting, the financial results have been duly filed with the BSE and NSE. These disclosures provide comprehensive details on the company's performance. Quickly, I will run through the business results for Q4 and the year ended on 31st March 2026.

Sales for the Q4 FY26 were INR706 crores against INR583 crores of Q4 FY25. Sales for Q4 also showed a growth by 21% over the previous year Q4 FY25. Other income for Q4 is almost same for both years, INR6 crores in FY26 against INR5.7 crores in FY25. Total income for Q4 FY26 was at INR712 crores compared to INR588 crores in the previous year. There is a major reduction in the percentage of raw material to sales for Q4 FY26 compared to Q4 FY25, 50.06% in Q4 FY26 against 56.35% in Q4 FY25.

However, the Y-T-D percentage of raw material to sales has improved by 3.1% in FY26 due to better product mix, better selection of orders, execution of large packages and overall cost-saving efforts on account of backward integration of manufacturing in Nashik as well as in Saswad plant. Staff cost, that is ERE stands at INR53.1 crores in Q4 FY26, that is 7.5% of total income against INR45.5 crores in Q4 FY25, that is 7.7% of total income. Employee-related expenses for the year to date INR200 crores, representing 11.2% of total income as against INR177 crores, that is 10.7% in FY25.

This rise is driven by salary increment and increased headcount. Company has incurred over INR165 crores in the last 2 years, leading to increase in the depreciation to INR31.1 crores in FY26 as against INR28.9 crores in FY25. We continue to invest in capex to support growth and to meet our commitment towards new product development under the PLI scheme. Y-T-D other expenses are a mix of fixed and variable costs and are at INR326 crores in FY26 against INR308 crores in previous year.

Increase in these expenses are mainly surge in execution of large packages, enhanced level of aftersales business, growing O&M business and expanding activities in our Nashik and Saswad plant. The year-to-date performance for the current year shows an improvement in the EBITDA margin, reaching 21.7% of total income to INR388 crores compared to 19% of total income to INR313 crores in the previous year. The YTD profit before tax has reached INR356 crores, constituting 19.6% of total income against 17% to INR284 crores in the FY25.

Net profit after tax for FY26 is INR258 crores, that is 14.5% of total income. In comparison to previous year, INR211 crores, that is 12.8% of total income. Company has maintained the status as a debt-free company, and I would like to state that company has still net cash position of cash and cash equivalent of about INR460 crores as on 1st April 2026. The Board of Directors has approved subdivision of equity shares of face value of INR2 into face value of INR1, subject to approval by the shareholders.

The company issued 60,800 equity shares during the year FY26. Previous year, 124,300 shares issued under the employee stock option program. As a result, there is marginal increase in the paid-up share capital to INR12.99 crores against last year of INR12.98 crores. Y-T-D earnings per share that is EPS for FY26 has shown growth by 22%, reaching to INR39.80 per share, while INR32.50 per share was earning in the previous year FY25. In line with our dividend policy, the Board of Directors has approved a final dividend at the rate of 425% on the face value of INR2 per share, that is INR8.50 per share.

This is in addition to payment of interim dividend, which is already paid at the rate of 175%, that is INR3.50. So the total dividend for FY26 is 600%, which is highest in the history of the

company. Final dividend is subject to approval by shareholders. With about 93.4% of total income coming from the Compression segment, it remains only reportable segment and segment earned operating profit of 24.9% in FY26, higher than the previous year when it was 21.7%. The Compression segment showed a higher profitability. This is being a one-timer for Q4. However, as indicated from time-to-time, our Compression business margins are sustainable in the range of 18% to 20%.

As of 1st April 2026, the company's unexecuted order book amounting to INR1,863 crores and increased by 15% from INR1,624 crores recorded on April 1<sup>st</sup>, 2025. Net unallocable assets are including corporate assets and assets of Precision Components business division to the tune of INR834 crores. Exceptional item regarding the implementation of the new labour code that became effective on November 21<sup>st</sup>, 2025, we have completed our current assessment.

The estimated retirement provision has been reduced by INR4.2 crores in Q4, resulting in total provision of INR14 crores for FY26, which is pertinent to the prior year period, while the impact of FY26 is recorded in ERE cost. Comparative statement of consolidated business for Q4 as well as for the full year are also published.

We are working on reorganizing, restructuring of our subsidiary to get the results expected projected while acquiring the company. This will take some time to get positive results from our subsidiary company. Before I conclude, I would like to place on record my sincere appreciation for our teams across operational, finance, supply chain and sales and marketing, whose relentless focus and disciplined execution continue to drive our performance.

I would also like to extend my appreciation to our Chairman, Mr. Rahul Kirloskar, the Board members and our investors for their continued trust and support as we work towards building a stronger, more resilient and future-ready organization. I would also like to acknowledge Mr. K. Srinivasan, former Managing Director, for his constant encouragement and for setting the company's mindset to embrace challenges and pursue ambitious growth. Thank you so much for joining today, and we'll now open the floor for questions from our investors.

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

**Priyank Chheda:** Sir, I have just 2 questions. First, on the order book. Would you want to call out the book-to-bill or say, execution cycle which has shortened significantly versus past few years? Just trying to match and map what would be the executable order from the opening order book that we have from as on 1st April. And Ramesh sir, just a clarification in this order book, have we included the Precision Engineering orders? If yes, then would you be able to quantify that?

**Ramesh Birajdar:** Okay. And second question?

**Priyank Chheda:** I'll ask the question after this question is answered.

**Ramesh Birajdar:** This INR1,863 crores order book as on 1st April is inclusive of Precision Components business. And out of this, roughly INR500 crores is executable beyond FY27 and remaining it is executable in this year. And continuously focusing on the Equipment business, where it is a

touch and go, where roughly the INR600 crores to INR700 crores business, we get it during the year, we execute and we dispatch from the sales.

**Priyank Chheda:** Okay. So which means that out of INR1,860 crores executable order book, INR500 crores order book is beyond 1 year and balance INR1,300 crores is minimum executable within, say, less than 1 year?

**Ramesh Birajdar:** Yes. This is what a similar trend what we have in last so many years.

**Priyank Chheda:** Understood. My second question on the products and high hope products that we had a strategy to scale up the revenues. First is Zephyros. What would be our GTM strategy because I understand that FY '27 would be capex year and FY '28 is where the full-fledged sales starts. So if you can just touch upon the sales strategy that we plan to deploy to scale up this and what are our ambitions in terms of scaling up the sales?

And second would be on the centrifugal, Tezcatlipoca compressors. If you can just call out FY '26, how much is the sales units that we have achieved? What are the sales targets for FY '27? And maybe Aman can touch upon just any other products that we should hope to achieve large sales numbers and become and have a larger sales contributions coming from any other new innovations that we are planning to launch? Thank you.

**Aman Kirloskar:** Yes. Thank you. So I'll start with the Zephyros. So just to reiterate, Zephyros, is a fairly innovative air conditioning package, which uses a green refrigerant and is significantly more efficient than, let's say, traditional chiller systems. Our go-to-market strategy here would really be engaging with all the stakeholders, whether that is consultants, architects, installers. And probably before that, in this financial year, we do have a target for how much we wish to sell.

And this would be done largely by interfacing with builders and finding the right target markets for this. So probably the ideal markets as of now with our current range would be smaller machine shops and small restaurants, banquet halls, etc.

There is quite a large potential for Zephyros, and we will slowly build out a channel as we get more volumes. On the Tezcatlipoca, we have about 130 machines in the field, of which 85 have been commissioned. I hope that answers your question.

**Priyank Chheda:** And any other products which you think should be focused going ahead as a large part of sales...

**Ramesh Birajdar:** If you remember, Priyank, last many meetings, the indication is we are switching towards the Equipment business where the execution cycle is very shorter period. And our target is to take out something 20% to 25% business coming out of this Equipment business where the execution cycle is very short.

The same trend will continue because Tezcatlipoca, Khione, the Tyche, then again, there is Zephyros, all this is part of Equipment business, we just touch in, we just get the order, exhibit and we dispatch. That focus we are increasing and that increasing focus will sustainable over the period of next few years.

- Priyank Chheda:** Thank you.
- Moderator:** 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, on the Zephyros side, you have mentioned ideal market, smaller machine shops and restaurant. So I'm trying to understand in this business, I think our current PBEIT is around INR357 crores. We have committed capex of INR320 crores.
- And I'm trying to understand whether these are the small, small orders we can get in Zephyros. How do you look at ROCE and payback period of this INR320 crores investment? And whether we can expect substantial contribution from FY '27 or FY '28 onwards?
- Ramesh Birajdar:** Okay. The INR320 crores is a commitment for the PLI scheme, what we did. And we developed the product. One is Zephyros, that is air conditioning package. And the second is the motor. Again, it is developed. Zephyros 2 packages we already installed. One is in the Saswad canteen and one office in Hadapsar. Both are absolutely running very fine. There is no issue in the air conditioning package. And this Zephyros system is giving another opening for our new business segment.
- So far, we are into the Refrigeration business with the KC/KCX and all other products. And now we are entering into the air conditioning and that is comfort. And that business will grow, and that is why we are focusing on that. And for the Zephyros, the backward integration we are doing in the form of Motor, in the form of Heat Exchanger and in the form of Sheet Metal Components.
- Some of the activities we planned in the Saswad plant and some of the activities planned in the Nashik plant. And out of the INR320 crores, roughly INR60 crores we already incurred for this and remaining, we are targeting to incur in another 2 years' time. The commercial of this Zephyros will happen in Q1. We have a separate team for this working along with appointment of the dealers, appointment of the team and the Experts, they're already on the Board and the team is working to execute the Zephyros now.
- Balasubramanian:** Sir, on the payback period on the ROCE side, whether we can expect 25% to 30% kind of margins since it's like small orders...
- Aman Kirloskar:** In this segment, considering that it is a highly competitive segment, we probably will not be targeting those kind of margins. However, we will try and target very high volumes. These are volumes which KPCL generally has not done. So on the margin side, it may not be as high, but on the volume side, it should make up for it.
- Balasubramanian:** Okay, sir. Sir, my second question, I think earlier we have mentioned incremental capacity for Tezcatlipoca will be available from Q1, whether all the machines we have installed for this segment? And secondly, what is the current order pipeline for the new A-800 smallest centrifugal frame?

**Aman Kirloskar:** So in terms of the installed capacity, this has been done and it is now available. The machine has been commissioned as well. Coming to the A-800 frame, I think we still need maybe 1 month or so to really get the product launched. But I think there is quite a bit of demand for a smaller centrifugal. This will be the most efficient offering for an 800 CFM compressor.

**Balasubramanian:** Sir, my last question on the export sales, INR140 crores. Out of this, how much percentage is coming from MENA regions? Because it's majorly a significant part is from MENA regions for CNC packages. So I'm trying to understand how much percentage comes from in those areas.

And sir, secondly, I just want to confirm that non-traditional orders are leveraging vertical integration like forging machines and example, whether, I just want to confirm whether it will be reportable segment from Q1 onwards, Q1 FY '27 onwards?

**Ramesh Birajdar:** For that, you have to wait up to Q1. We'll definitely disclose as and when we achieve. But definitely, there is a good progress on that part. And definitely, it will come under the reportable segment from Q1 onwards. Regarding the export, we are not fully dependent on the MENA region. We are focused on the Southeast Asia. We focus on the African region and MENA region, a little bit less because right now, the situation is different. So otherwise, we focus on different and new niche area for the export.

**Aman Kirloskar:** Yes. So the MENA region was definitely a fairly large part of our export sale. However, considering the current geopolitical environment, we have shifted our focus to different regions like Southeast Asia and the North Africa part of MENA. We are still in active discussions for several orders in the Middle East.

However, considering the current situation, these are going quite slowly. And I suspect that once the geopolitical situation in the Middle East cools off, we will start to see some rapid movement in this segment.

**Balasubramanian:** Thank you so much for detailed explanation, sir. All the best.

**Aman Kirloskar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Sameer Thakur from Ambit Capital. Please go ahead.

**Sameer Thakur:** Just to carry on with the previous question. So on this Middle East exposure, can you just get into details of what kind of products you have or whether you have approvals from, let's say, Aramco or Qatar Energy or any certifications, which at the end of the war, whether that can help you to start rebuilding the capacities or sir would that help you?

**Aman Kirloskar:** Yes. So let me put it like this. So with regards to the geopolitical situation in the Middle East, there is a near-term pressure. As I had mentioned previously, it is difficult to dispatch packages for orders we already have over there. And it is also difficult to book new orders. However, long term, this will order well for us on 2 fronts. One is on the international side, as you rightly

pointed out, there will be a demand for let's say, gas packages going into some of these countries.

And there is also a renewed interest in the domestic market in, let's say, alternative fuels like biogas, coal gasification, hydrogen, etc., on top of a real push, which is quite visible today in the upstream segment of the domestic market. I hope that answers your question.

**Sameer Thakur:** Yes. That was helpful. And there's one more. Just going to the backlog mix. Is it possible to give a separate mix or by division? I think there is a lot of backlog from the other division from Precision Components. So I was just trying to make sense and what is the margin in this Precision Components? Is that margin dilutive business?

**Aman Kirloskar:** I was not able to hear. You are asking for the margin of Systems and Components?

**Sameer Thakur:** No just the backlog mix by separate divisions if that is possible to give? And...

**Aman Kirloskar:** Yes. So we generally don't.... sorry go ahead.

**Sameer Thakur:** My sense is the backlog is driven by maybe the other segment which is Precision Components. And I just wanted to take a sense whether this Precision Engineering division - Components division, whether it has lower margin than your core business?

**Aman Kirloskar:** So we generally don't give a breakup of segments. However, as we had pointed out last year, we did have to go to non-traditional segments to get orders. In terms of margins, I would say that from a company standpoint, we will be around directionally 18% to 20% as we have guided in the past.

**Moderator:** The next question is from the line of Amit Anwani from PL Capital.

**Amit Anwani:** So first question about oil-free compressor you talked about in your opening remarks. Just wanted to understand, is it a completely new product? And did we get some sales from this? And what is the opportunity? If you could highlight more about this oil-free compressor, which you highlighted?

**Aman Kirloskar:** Yes, yes, so the compressor, which we are referring to is branded as Hydrino. It is a water-injected screw compressor, largely used in applications in food processing and pharmaceuticals. In terms of -- is there, let's say, a similar category in the market? Yes, there is. We do have some competition who have similar products. However, we have several unique USPs in this product. So one is that we have no oil in this machine at all.

Our competitors may have oil in their bearings, etc. And we are also domestically produced, which means that not only are we generally more cost competitive, but we are also able to offer service and spares to customers much faster than imported machines.

**Amit Anwani:** And so is this the completely new product launch? Or this was there and now...?

**Aman Kirloskar:** This is a new product for KPC.

**Amit Anwani:** Understood. And I wanted to understand, so we have been talking about Tezcatlipoca, Tyche and now Zephyros and I think a few other products like Khione over the past 24 months. Just wanted to understand now since these products have been kind of there in the market, what kind of sustainable growth we are targeting from these products, obviously, category-wise within air, refrigeration and all these new launches which are there in the market.

If we take, let's say, 2, 3 years of perspective, what is our standing currently in terms of market share or revenue for each of these products? And what kind of growth we can look forward in these products?

**Aman Kirloskar:** Yes. So in our segment, in terms of capital goods, especially compressors, these are really products which are designed to run and they have to prove themselves before they gain broader market acceptance. So it's usually the case where getting the first few orders is hard and then it gets progressively easier from there. All these products you mentioned with the exception of Zephyros are now in the market, and we will start to see we are already growing Tezcatlipoca quite aggressively, Khione as well, we are seeing good growth.

Tyche, we did launch last year. So we did grow, but it was from 0. And so I think generally, from new products, we target that we should have at least 10% to 15% of sales. And as a company, we want to grow at 20%. These products, depending on how old or how recently they were launched, would grow at a slightly higher pace.

**Amit Anwani:** Right. Lastly, on the Precision Engineering division, what exactly we are looking as a strategy? So I think you explained about INR500 crores order there and probably it's a short-cycle order. So can we expect F27 also getting order inflows as high as INR500 crores upward again for the Precision Engineering or this is just a one-off case this year?

**Aman Kirloskar:** Yes. So the reason which we are the reason why we are being quite opaque on this is because we don't really know whether it is sustainable. So I think for that, we'll have to really go forward and see. But certainly, in terms of Precision Engineering, we have many unique capabilities with us, whether that is in forgings, castings, machinings, etc. So there will be a stable demand, but I cannot really foresee whether it will be to the same extent.

**Amit Anwani:** Right. Finally, in terms of the current geopolitical situation, which you're sensing, anywhere you feel that this could be a key risk in terms of business, whether it is increase in cost or the conversions with the key industries, any sort of challenges because we saw F26, we had different kind of challenges in terms of delays in packages. So anything which in near term, you might feel that could impact the business because of the geopolitics getting stretched for more than 2 months now?

**Ramesh Birajdar:** The order board last year, beginning, it was INR1,624 crores. And now for the beginning of this year, it is INR1,863 crores, so despite all this situation, uncertainties of geopolitical all uncertainties, still we are higher order board compared to the last year. Regarding the price increase, we always focus on that. And whether it is a short period of the execution, we pass on to our customers, and we don't take into our account. And as far as the large package is

concerned, we already negotiated. We already finalized the order with our vendors. So there is no directly impacting our profitability.

**Amit Anwani:** Right. So this year, are we also focusing back again on the large packages as a part of inflow? Or now we'll be keeping this lesser package orders and more equipment order as a norm for F27, F28?

**Aman Kirloskar:** Yes. So as a strategy, we always want more products versus packages simply because it makes the business less lumpy and more predictable. That being said, the demand environment for packages does seem to be higher on the back of let's say, lower orders getting finalized last year. So even though directionally, we do want to have more products versus packages, this year, as of now, we do have quite a few inquiries out there for packages.

**Moderator:** The next question is from the line of Bhavya Doshi from KRIIS.

**Bhavya Doshi:** Yes. So, like are we seeing -- like which segments are contributing more to the stronger order inflow, which we have experienced in FY '26? And is there a strong traction in the CNG stations? Like are we again bidding for the mother stations, which saw higher competition earlier?

**Aman Kirloskar:** Yes. So, in terms of orders for the last financial year, they would broadly be in line with the numbers which I had mentioned in terms of the business contribution. However, this year, we did have good numbers coming from the Precision Engineering division. We generally don't like to give a breakup, but it would largely be ACR and Precision Engineering, then gas, etc.

On the CNG, we are actively bidding, and there is a renewed interest, as I was stating earlier, to increase the amount of CNG stations. So there is a push from various customers to close more orders, and we have been actually closing more orders in the CNG space in the last quarter and even carrying on into this year.

**Bhavya Doshi:** Got it. And as you had mentioned like we are targeting around 10% to 5% - 15% of the sales of the company going ahead from the newly launched products. So given the strong IP filing, which we have done in the last few years, how does the launch pipeline looks like for the new products? And like how is the pathway ahead?

**Aman Kirloskar:** Yes. So we have a number of products, which we are actively developing. That being said, a lot of them vary in terms of levels of complexity. So, the more complex it is, it generally takes longer with more testing, etc. We also have a couple of products where we are expanding the range. This is something which will definitely come faster.

So it's very difficult for me to commit at this stage what products we will launch this year. I think I already did mention the A-800 which is an extension of our centrifugal range. But we do have quite a few products in the pipeline, which you will start to see some launches in Q1 itself.

**Bhavya Doshi:** Got it. And one last thing is like how much cost savings does our Zephyros package offer as compared to the conventional systems for the end users? Just a broader perspective on it.

**Aman Kirloskar:** Yes. So, the Zephyros package is actually significantly more efficient than a traditional water chilling system. It would be in the range of let's say, 10% to 15% plus.

**Moderator:** The next question is from the line of Mihir Manohar from Trust Mutual Fund.

**Mihir Manohar:** Congratulations to the entire Kirloskar Pneumatic team for great set of numbers. My question was on the CNG and PNG and CGD side. Once again, government is focused because of the disruption which has been there. If you can throw some light as to when does the demand for mother compressor actually kick in? I mean is the laying of large transmission pipelines and gas transmission pipelines necessary for the demand of other compressors to actually kick in? Or is it going to be booster compressor only? Some clarity over here would be helpful.

**Ramesh Birajdar:** Mihir, we could not hear properly. Will you try again? There is some disturbance from your side. Will you try...

**Mihir Manohar:** Yes, is it audible now?

**Ramesh Birajdar:** Yes, yes, it's okay now.

**Mihir Manohar:** Yes, sure. So first of all, congratulations on a great set of numbers to the entire team, a quite good set of numbers on revenue and backlog both. Mainly wanted to understand on the CGD and PNG side. I mean, government has put a renewed focus over here because of the disruption which has happened.

Now I wanted to understand when does the demand for mother compressor actually kick in? Is laying of large transmission pipelines, gas transmission pipelines necessary for the demand of mother compressors actually to kick in? I mean, is the demand going ahead for the next, let's say, 1 to 2 years now? Government has put a focus again? Will it be mother compressors or will it be booster compressors?

**Aman Kirloskar:** Okay. So let me try and answer your question. You do need pipelines for mother stations. And generally, the trend that we see is that 70% of new stations, at least 70% are generally daughter stations because these are lower in capex. But the disadvantage with the daughter station is that they are higher in opex because you need a mother station to first compress the gas, fill into a cascade and take it to a place which has a daughter station.

So, there is also a trend of over time, daughter stations being converted into mother stations. There is a certain market where it's very difficult to put pipelines like in a hilly area, etc. So there, that would be a daughter station. I hope that answers your question.

**Mihir Manohar:** Yes, yes. But I mean with now a full infrastructure rollout going to happen, at least on the framework and the policy, it seems it will result into higher demand for mother compressors or for booster compressors?

**Aman Kirloskar:** Yes, it will be a higher demand for both. But it would, in the short term, be skewed more towards daughter stations, but long term, a lot of them will start getting converted into mother stations.

- Mihir Manohar:** Okay. Understood. Sure. Second question was on the good order inflow. I mean, quite good number, INR650 crores broadly over the last 2 quarters. If you can throw some light as to what the value is contributed by the new products, I mean, Tezcatlipoca, Tyche that this new range of compressors that we have introduced. Some color over there? And what number are these new products contributing over the last 2 quarters?
- Aman Kirloskar:** Yes. So generally, we don't really give such granular information. A lot of these products, which you mentioned are newer products. And as I mentioned earlier, it's usually very difficult to get the first few sales, especially in, let's say, products like Tyche, Hydrino, which were just freshly launched. Tezcatlipoca is certainly higher up in terms of the order value, and it also continues to grow quite quickly. Yes, that's, I think, the most granular that I can go.
- Mihir Manohar:** Just lastly, a question on the precision engineering side...
- Moderator:** Sorry to interrupt, Mr. Mihir Manohar. Please rejoin the question queue for more questions. Thank you. The next question is from the line of Bharat Shah from BCS Capital Ideas Limited. Please go ahead.
- Bharat Shah:** Yes, hi. Well, Aman, I think this is the beginning of new innings with a bang. I think one could not have asked for a better start to the altogether new innings that you are about to play. I have known Srinii for more than 25 years and I have seen him to be a very meticulous and very careful planner of the things. So, I definitely believe he would have set up these organizations on a beautiful format for you to play the innings at a much higher crescendo. Or at least that is what my hope is. So first and foremost, best wishes and congratulations on the lovely note on which the pitch has started.
- Aman Kirloskar:** Thank you.
- Bharat Shah:** Yes. And on the growth aspect, you talked about 20% plus on a sustainable basis. So, you mean for the current year or for more like five years and more? Because all along over last few years, I've understood that this growth rate for the company could be upwards of 20%, given the engineering strength we have, given the way the overall manufacturing ecosystem is rapidly evolving and given the fact that in many ways what Kirloskar Pneumatic does is touching so many other industries and their needs and the innovation rate of the new products. So, are we being kind of more modest and conservative or do you think this is the most realistic which we should assume?
- Aman Kirloskar:** Yes. So, when I had said 20% in the opening comment, it has always been our aspiration to grow the company at 20% plus over a long period of time. That is on top line and bottom line.
- Bharat Shah:** Okay. And coming to that part, now that we have reached a meaningful scale and size today and the overall manufacturing ecosystem evolution has been rapidly proliferating plus our own innovation rate of the new products, should we be more ambitious than this or in your opinion, I think this is a very realistic and practical and strong number that we are talking about?
- Aman Kirloskar:** Yes. So in terms of innovation, as I mentioned, we have been recognized as a top 30 IP driven organization. That being said, this is not all we want to be. We have our own internal targets to

grow the amount of IP filings. Some of the products which we are developing today would be cutting edge, not just in India, but in the world. And I think I'm really excited when I look at some of the products under development and I do hope we'll be able to launch a few of these really cutting edge ones this year.

**Ramesh Birajdar:** Bharat bhai, I will add something relating to this, coming to innovation. We are giving the presentation to FCI for the Zephyros where we are available the PLS scheme approval. And one of the managers there asked us, who's your technology partner for the Zephyros? And we said there is no technology partner. Our team is capable to do the innovation, do the engineering, and we have developed this product our own.

And it was so surprised from them that Indian company is doing such type of innovation and the PLS scheme, which is approved so easily that one Indian company doing so much of innovation and coming with the different products and they appreciated our efforts.

**Bharat Shah:** I'm absolutely delighted to hear that, absolutely delighted. Just one last small thing if I can raise that. While clearly the margins in the latest quarter, the fourth quarter of the year, gone by at about 26% plus are dramatically high and those can't be sustainable?

But year in entirety at about 21.5% that we have delivered for the entire year of 2025-2026. Isn't this now on a decent top line base with operating leverage and speciality product offerings and the overall growth opportunity? I'm aware that Aman mentioned 18% to 20% is more sustainable margin, but I thought year in entirety 21.5% margin, is that not likely to be prevalent for a while or you think 18% to 20% only should be a fair guidance?

**Aman Kirloskar:** Yes, so just to clarify, what I meant is, you know, in a bad quarter, we always say don't judge us quarter to quarter. In the same vein, in a good quarter, please don't judge us quarter to quarter and directly we will be 18% to 20% and if we can, we'll be 21%.

**Bharat Shah:** Got it. Thank you so much and Aman all the very best.

**Aman Kirloskar:** Thank you, sir.

**Bharat Shah:** Thank you, Ramesh bhai.

**Ramesh Birajdar:** Thank you, Bharat.

**Moderator:** Thank you. The next question is from the line of Sourabh Arya from Oaklane Capital. Please go ahead.

**Sourabh Arya:** Yes, congrats on a good set of numbers. See, again, if we see last few calls, you had said, Mr. Srinivas had also mentioned that export would not be really a big driver for us. It does. Things change with, you know, the disruption in the Middle East. So, if you could double click on, you know, your Middle East export opportunity and export opportunity in general? So, first is that maybe, and then maybe I have a related question.

**Aman Kirloskar:** Yes, so I think export as part of total sale is about 6%. Since one of our major markets, especially for large packages, it is oil and gas. The Middle East is certainly a key market for us. That being said, because it is not a very large part of our total business, it is not that big of a risk for us with the current geopolitical situation. And as I said earlier, I think in the long term, the implications of the geopolitical unrest in the Middle East is probably quite good for KPCL. Okay.

**Sourabh Arya:** And so, maybe related is, so, when it comes to, you know, these approvals, etc., for these packages, because you already are using compressor of aerial or maybe, you know, how does, and they are, of course, already approved there. So, why, like, so, I want to understand, have we won, you know, package in past in Middle East? If not, why we did not win in past? And what gives us, you know, confidence that, you know, that now we have a bigger opportunity?

**Aman Kirloskar:** Yes, we have won packages in the past. And we have a couple of active inquiries also going on. What I will say is that, what is more active in the Middle East is more on the gas side. And then on the gas side, there is a number of, you know, a number of approved vendors, a lot of them are from lower cost countries. It makes it a little bit difficult for us to compete when, you know, everything is specified.

So, you have to get the compressor from a certain vendor, you have to get the engine from a certain vendor, heat exchangers from a couple of vendors. So, with everything specified, it becomes very difficult to kind of innovate on the cost side of the gas packages. That being said, you know, we are competitive enough to be able to win and we have won packages from the Middle East in the past.

**Sourabh Arya:** Okay, this is very helpful. Second, you know, just again a clarification bit on other side, I know we do not want to talk much about it, but still, like the first number Ramesh sir mentioned about INR500 crores order book for next year. So, I want to understand like from an execution cycle perspective what is going into next year. So, Mr. Ramesh did mention that in the past also that has been the case. But still, if one were to see execution cycle of this other segment, is it more than your base business and majority of this INR500 crores which is going into next year belongs to others?

**Aman Kirloskar:** No, no, I think there is some misunderstanding. As I had mentioned, the total order board, if you go into details, is actually more skewed towards products this year. What that and products generally have a shorter execution cycle. We did get a couple of large package orders which will spill over into the next financial year. But the execution cycle this year for the company should actually reduce.

**Sourabh Arya:** Okay, and maybe if I can squeeze last. So, like last year also, let us say, you know, our order book was INR1600 crores something, book to bill of around 1. And we were pretty confident that, you know, revenue growth would be 20%. And now again, at the start of this year, book to bill is around 1. And we are pretty confident that we can still do 20% offline growth. What happened last year that it did not come and what gives us confidence that with a similar book to bill, we will actually be again delivering 20%? That would be nice. Thank you very much.

**Aman Kirloskar:** Yes, so I think the past few years, we've had quite a significant reliance on our gas business. And as we have been calling out, this is a place where we have been having some difficulties in terms of growth. We will be taking some actions this year to increase our competitiveness in the segment.

And I think all the other businesses are doing fairly well. Equipment in particular is growing. And this year with the Precision Engineering Division, really doing a lot of heavy lifting, we believe that we will be back on track to deliver higher than order board sales and reach this 20% plus number which we are committing.

**Moderator:** The next question is from the line of Divyam Jain from 360 One Capital.

**Divyam Jain:** Yes. So my question was regarding the gross margin expansion that we've seen, so how much of it would be going to the backward integration efforts and how much of it and if it is attributable to the deferment of orders? I believe it has... How would you attribute the expansion?

**Ramesh Birajdar:** No, we are not able to understand what exactly you are asking.

**Divyam Jain:** So we saw 600 groups expansion in the gross margins, I believe in this quarter. How much of it is attributable to the backward integration efforts. And how much of it is because of the deferments that we've seen that you reported in the last quarter?

**Ramesh Birajdar:** No, the backward integration, what we did in Nasik is coming to Hadapsar for the Air Compressor division as well as for the Transmission division, that is PED now. And roughly the total output from the Nasik is directly coming as an input for our Hadapsar factory as well as some portions going to the Saswad also. So it is exactly we have not calculated how much is going for the Compressor division and how much is for the PED. So we need some time to calculate and come back to you for that sir.

**Divyam Jain:** Sure. And sir what would be our sustainable gross margins going ahead?

**Aman Kirloskar:** Yes. So as we have been saying, directionally, we want to be 18% to 20% on an EBITDA level.

**Ramesh Birajdar:** Last year, we also achieved the gross margin in the core business. That time we also said that 18% to 20% is sustainable. This quarter also we crossed almost 23% and still we are saying it is 18% to 20% is sustainable for core business, that is Compression business.

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

**Sahil Sanghvi:** Yes. Congratulations for a very good set of numbers and congratulations to Mr. Aman Kirloskar for the new designation. My question is more of to understand, I mean, while Aman has already commented on this, but this new ruling that we have got regarding the government's press on the March '26 order for fast-pacing more PNG and CGD lines.

I just wanted to understand what kind of traction are you seeing on ground with this ruling because it says that they want to accelerate pipeline infrastructure development, including faster rollouts of CGD and last-line connectivity for PNG. So, what are you seeing on ground and when can you expect some bit of demand transpiring to our order book leading to an improved performance for the gas division?

**Aman Kirloskar:** Yes. So, as I had mentioned I think we entered this year with an elevated inquiry level in terms of the domestic gas business and we have also been closing some orders in this segment fairly quickly. So, I think on ground there does seem to be quite a bit of things happening. And I would also like to once again mention that there is a lot of interest in alternative fuels, especially biogas where we are seeing a lot of interest at the moment. It has not translated into orders for us yet.

**Ramesh Birajdar:** You must have also seen the released press release by the ONGC. Roughly, they are targeting to invest something 200 billion in oil and gas. And that investment will come within five to six years. And this 200 billion investment, then they will start investing. Some portion of this will come to us as a support for the compressor to their various projects. So, we are definitely going to get that because the 200 billion investment by oil and gas sector by Government of India is a huge investment. And we are also focusing on that to get that business and to grow our company.

**Sahil Sanghvi:** Got it. And my last question would be, I understand that we will have a shorter execution cycle for the orders that we have now in our order book. Can you define that period? I mean, would it be six, seven months or would it be much, much lower?

**Ramesh Birajdar:** Equipment period is between four weeks to something 12 weeks. And roughly the last packages ranging from six, seven months, eight months. But as we are growing, we are being developed the many products like Tezcatlipoca, Khione, Tyche. They are having very short execution cycles. They are not very great eight months, 12 months period. If not the case, we are not focusing on the large package business. What our business we want, we want a top line growth, as well as the bottom line growth, both.

**Moderator:** Thank you. Due to time constraint, we take that as a last question. I now hand the conference over to Mr. Dhirendra Tiwari for closing comments.

**Dhirendra Tiwari:** Thank you. Let me take this opportunity to thank the management of Kirloskar Pneumatic for giving us the opportunity to host. Before I close, may I invite Aman to the final comments and then we can close the call.

**Aman Kirloskar:** Yes. Thank you all for joining the call today. And as Bharat Bhai had mentioned, we – it is a new innings for me and I have been blessed to have a great boss and mentor of Mr. Srinivasan for the past five years. I think we learned a lot. He really taught us how to push boundaries, innovate and really be hungry for growth. So, it is a – we have big shoes to fill and we will do our best to hit our targets of 20% plus growth. Thank you so much.

**Dhirendra Tiwari:** Thank you. Now, we can close the call, please.

**Moderator:** Thank you, sir. On behalf of Antique Stock Broking Limited, that concludes this conference.  
Thank you for joining us. You may now disconnect your lines.