"Kirloskar Pneumatic Company Limited

Q2 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to Kirloskar Pneumatic Company Limited Q2 FY27 Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Sanjeev Zarbade: Thank you, operator. Good evening. On behalf of Antique Stock Broking, I welcome you all to 2Q FY27 Earnings Conference Call of Kirloskar Pneumatic Company Limited. I'm pleased to have with us today Mr. Aman Kirloskar, Managing Director; and Mr. Ramesh Birajdar, the Chief Financial Officer.

So without much ado, 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. The presentation uploaded on the website of the company and discussion on the financial results during the earnings call may contain statements relating to future business developments and economic performance that could constitute forward-looking statements.

While these forward-looking statements represent the company's judgments and future expectations, a number of factors could cause actual developments and results to differ materially from expectations.

The company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. Further, investors are requested to exercise their own judgments in assessing various risks associated with the company and also the effectiveness of the measures taken by the company in tackling them as indicated during the discussions. Thank you, sir.

Aman Kirloskar: Thanks, Jitendra. I will proceed with the business updates. Q2 was a challenging quarter on all fronts, order booking, sales and execution, making it a rather poor first half of the financial year.

For the second time in 2 years, our sales are lower than the corresponding period last year. Sales in the first half were INR624 crores as against INR650 crores last year. The challenges came from delayed package shipments to the Middle East as well as delays in the execution of our dispatches from the Precision Engineering Division.

With no large domestic package dispatches scheduled this quarter, our performance rested largely on the equipment business. Order booking for large package orders have yet to pick up steam, though as we speak, some large packages are coming close to finalization.

On a positive note, export sales have dramatically increased from INR31 crores last year to INR64 crores in the first half. We have seen moderate growth in order booking in this quarter, which is largely attributable to renewed demand coming from the CNG markets, and we expect this year to be a good one for this segment after a few years of fairly stagnant demand.

We have also booked significant orders for our refrigeration equipment coming from the food processing space. Our focus on innovation continues. We filed more than 65 IP applications in the first half of FY27. While there were no new product launches this quarter, we are developing several new technologies and extending the range of recently launched products such as Khione and Tyche.

Our subsidiary, Systems and Components had a muted half on the sales side with revenues of INR9 crores. However, its order book has grown from INR4.1 crores at the start of the year to INR22 crores today, which gives us confidence in its growth over the coming quarters.

Now I will come to the individual businesses. Starting with the air compressor segment. This segment has had several bright spots this year. We have been seeing some good growth in segments like diesel portables and PET bottling compressors, which we have re-entered after a long time.

These are in addition to some segments where we have traditionally been strong, such as CO2, cement, etc. We are also seeing traction in syngas compressors and have booked a few orders for these as well.

Additionally, our newly launched Hydrino is seeing good traction in the pharmaceutical space. Coming to refrigeration. Like last year, our packaging business remains slow in the first half, while demand from food processing and cold storage has been quite strong.

We've booked orders across all 3 product lines, Khione, KC/KCX and Tyche. Our ammonia reciprocating compressors remain the dominant machine in this space and saw strong traction this year as well. This was largely driven by the food processing industry.

We are also continuing to build out the Zephyros range, and we have successfully commercialized it this quarter. Coming to process gas. This year looks to be a strong one for this business. After a slower start to the year, the demand for CNG compressors seems to be very strong with large orders being booked last quarter even in this quarter, the trend continues.

The opportunity pipeline for gas system also looks strong, but order finalization is taking some time. We expect this to pick up in the current quarter. Last quarter, we also dispatched India's first 1,000 bar hydrogen refuelling station. It's a first of its kind installation and a clear demonstration of KPCL's capabilities in this segment.

Our tie-up with Kobe Compressors will broaden the range of products we can offer both existing and new customers. Under our current partnerships, we could not address certain downstream petrochemical markets requiring API 617 and API 618 compressors. We will now be able to compete there against what are largely imported packages.

This partnership also gives us the ability to serve very large compressor requirements in the tens of megawatts across specialized applications in petrochemicals, green ammonia and steel, among others.

Scaling this will take time as we build and demonstrate our capabilities, but it will build on KPCL's participation in India's energy transition. Under O&M, we are now managing more than 1,060 CNG stations at a pan-India level, adding 90 stations during the first half of FY27.

Coming to the outlook for the second half of this year. The first half of this year was largely impacted by slower execution of orders from the Precision Engineering division than what was expected.

We expect this to change, and I'm pleased to say that the first dispatches are ongoing as I speak. Dispatches have started in this quarter and will continue into the next one. In addition to this, the orders for our equipment business, especially the CNG and refrigeration products should allow us to more than catch up in the second half.

Last year, since most orders were booked in Q4, we did not have much to dispatch in the first half in terms of packaging. Starting this quarter, that should change. We remain confident of delivering strong growth this year despite the quarter gone by.

We expect a strong Q3 and an even stronger Q4, driven by dispatches of our precision engineering business, large packages and our standard equipment sales. Before I conclude the business update, I would like to take a moment to wish all of you a very Happy Diwali and prosperous New Year.

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

Ramesh Birajdar: Thank you, Aman. Good evening, everyone. Our Q2 and H1 financial - FY27 financial results are now available on the BSE and NSE websites following our Board meeting. For a deeper look into our performance, you can also access the comprehensive earnings presentation on our Investors section on the company's website.

For your convenience, I would like to provide a summary of our performance for the second quarter as well as first half of fiscal year 2027. Sales for Q2 FY27 stood at INR320 crores compared with INR378 crores in Q2 FY26. The H1 sales were at INR620 crores compared to INR650 crores of H1 FY26.

While revenue was lower year-on-year, the company maintained a healthy level of business activity and continued to demonstrate its resilience in a challenging operating environment. The quarter was impacted by timing differences and a few export consignment due to prevailing global uncertainties.

While a strong order pipeline and continued focus on the execution, the company remains confident of improving business momentum in the coming quarters. The business mix for H1 FY27 showed a notable shift towards the equipment business compared to the previous year.

It contributed 78% of the total business in the equipment in H1 FY27, while it was 65% in H1 FY26, while the package business contributed 22% of total business in H1 FY27 against 35% in H1 FY26.

Company has an order book of over INR2,040 crores as on 1st October '26 against INR1,863 crores at the beginning of the year. Other income for the Q2 FY27 was at INR8 crores, up from INR6.8 crores in Q2 FY26, while other income for H1 FY27 at INR15.9 crores, which is a little higher than H1 of FY26 of INR15 crores.

Material cost for Q2 FY27 was at 44.7% of sales compared to 52.1% of sales in the corresponding quarter of the previous year. For H1 FY27, material cost to sales was at 44.3%, while in H1 FY26 was at 50% of sales. There was a reduction in the material cost by 5.7%. This is due to the better product mix and efforts of our backward integration of manufacturing.

Employee-related expenses rose to INR109 crores in H1 FY27, up from INR97.4 crores in H1 FY26. This increase was primarily driven by headcount addition and operational expansion at Nashik plant, along with scaling up business activities at Saswad and Hadapsar facilities. Company remains debt-free, resulting into zero interest costs or borrowing-related expenses for both Q2 as well as H1 FY27.

Depreciation increased by approximately INR3 crores in H1 FY27, primarily due to capital expenditure incurred on Nashik as well as Saswad plant in the previous year. Accordingly, depreciation charge during H1 FY27 stood at INR17.9 crores compared with INR14.9 crores in H1 FY26.

The increase in manufacturing other expenses was primarily attributed to the full year impact of the operations at our Nashik plant and the higher activity levels in our service business. These expenses comprises of both fixed and variable costs and stood at INR149.3 crores in H1 FY27 against INR133.5 crores in the corresponding period of the previous year.

EBITDA for the Q2 FY27 stood at INR48.7 crores with a margin of 14.9% compared to INR64.8 crores at 16.8% margin in the corresponding quarter of the previous year. For the first half of the financial year H1 FY27, EBITDA was at INR103 crores with a margin of 16.2% against INR109 crores with 16.4% was recorded in H1 FY26.

Profit before exceptional -- profit before tax before exceptional items of INR39.6 crores, that is 12.1% for Q2 FY27 against INR56.9 crores in Q2 FY26 at the rate of 14.8%. PBT of INR85.1 crores for H1 FY27, while PBT of INR93.8 crores in H1 FY26.

Exceptional item and exceptional income of INR11 crores was recognized below the PBT line in Q2 and H1 due to surrender of 1.77 acres of land out of 160 acres of land in Nashik for state government's road infrastructure project.

Management has strategically taken early precautions to design and set up the facility expansion well clear of the proposed road development lines. Consequently, business continuity is fully maintained and all operations at Nashik plant were completely unaffected by this surrender of this land. Profit after tax followed a similar trend in both Q2 as well as H1.

For H1 FY27, PAT rose to INR74 crores, up from INR71.3 crores in H1 FY26. This is primarily driven by the exceptional earnings recorded in Q2 FY27. During Q2 FY27, the company's equity shares were subdivided from face value of INR2 to INR1 per share. Accordingly, basic and diluted earnings per share for the both current and previous year have been restated to reflect the new face value.

Basic EPS for H1 FY27 stood at INR5.69 per share compared to INR5.49 per share in H1 FY26. Company has net cash and cash equivalent position of INR513.7 crores as on 1st October 2026. During H1 FY27, the company incurred the capital expenditure approximately of INR34 crores and paid a dividend of INR57 crores.

Company issued 43,500 equity shares in H1 under the employee stock option program. Consequently, the paid-up share capital increased marginally as compared to the beginning of the year.

With over 94% of revenue is coming from the compression segment, it remains the only reportable segment. The segment profitability in Q2 is at 20.5% and in H1 FY27 at 21.3% as against 20.3% in Q2 FY26 and 19.5% in H1 FY26. Capital employed in the Compression segment reduced by INR118 crores, reaching INR299 crores at the end of H1 FY27 compared to INR416.9 crores at the start of the year.

We have regrouped, rearranged the financials wherever necessary. We have published consolidated financial statements, which now includes the financial results of our newly acquired subsidiary, Kirloskar Southeast Asia Company Limited, for the month of August and September '26, along with those of our existing subsidiary, Systems and Components India Private Limited.

The consolidated financial statements are not fully comparable with the corresponding previous period as the financial results of Kirloskar Southeast Asia Company have been consolidated from August 2026 onwards following the acquisition. Prior to opening the floor for the discussion, let me take this opportunity to wish you and your families a happy, safe Diwali and successful prosperous new year.

Now this forum is open for discussion with our investors.

Moderator: Thank you very much, Sir. We will now begin the question-and-answer session. The first question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian: Sir, earlier you have guided 20% growth, especially for equipment business. But right now, the things have been impacted because of shipping disruption and the timing of port clearances and dispatches. Sir, is there any impact related to penalties or freight cost increase, maybe we

can see in H2? Secondly, how much of value have been deferred to Q3 and Q4 because of that shipping disruptions?

Aman Kirloskar: Okay. We were not able to hear you that clearly. But if -- I think your question was on our aspirational target of 20% growth, the impact of freight cost and our outlook for Q3 and Q4. Is that correct?

Balasubramanian: Yes, sir.

Aman Kirloskar: Yes. So, on the freight cost, our exports remains to be, I think last year, it was less than 10% of our overall sales, and it should be at a similar level this year. That being said, we are facing some of these impacts relating to inability to dispatch to certain areas in the Middle East due to the conflict.

I do not think that this will have a very large impact for the full year, but it has impacted us to some extent this quarter. I think the larger impact has come from delayed dispatch for our Precision Engineering division. And as I mentioned earlier, very happy to report that as I speak, that we are starting to dispatch the equipment from there.

Coming to our aspirational target, every year, we always aspire to grow at 20%. I think on bottom line, we should not only grow 20%, but we might be doing something a little bit more than that. On top line, it does look a little bit challenging, but we are confident of delivering a strong double-digit growth this year. I hope that answers your questions.

Balasubramanian: Sir, my second question, our order book nearly INR2,050 crores, almost 10%...

Moderator: I'm sorry to interrupt you, sir, but your voice is cracking a lot. May I request you to please use handset?

Balasubramanian: Currently, am I audible, madam?

Moderator: Yes. You are audible. Please go ahead.

Balasubramanian: Sir, the order book is nearly INR2,040 crores, almost 10% year-on-year increase. Actually, you mentioned some of the orders have been deferred in terms of finalization. If you could mention which are the areas and segments are being deferred, which are the segments we are in advanced stage for order finalization?

Aman Kirloskar: Yes. So largely, the package orders tend to take quite some time for finalization. And those are the ones which where we are seeing some deferment. I wouldn't call it a deferment. It is just when we expected that some orders would get placed last quarter and the customers would have their own considerations, so they may take a little bit more time.

That being said, this quarter, we do expect to book some package orders. And I think the growth in the order board has largely come from the 2 segments which I had discussed earlier, which was the CNG and the refrigeration equipment. We have also seen some small growth coming from some of our more niche compressors, as I mentioned, syngas, biogas, etc.

Balasubramanian: Okay. Sir, my last question, I think Zephyros have been commercialized. How is the response from the customer side? And secondly, we aspire 18% to 20% kind of EBITDA margins. But if you look at in Q1, Q2, 15%, 12.5% kind of range. So whether we can able to reach at least 18% in this year, sir?

Aman Kirloskar: Yes. On the margin side, we are still targeting 18% to 20% for the full year. Coming to Zephyros, we have commercialized it, which means that we have sold it, but they have not yet been commissioned. And we are also being a little bit cautious to make sure that our first few installations are good ones. So hopefully, this quarter, we'll have something more to report.

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

Amit Anwani: My first question pertains to the numbers shared by Ramesh Ji on the package and product breakup. And if I heard it correctly, this H1 was 22% and last H1 was 35% package. So if I do some maths, your product sales is also H1 to H1 is only 13% up despite we have been highlighting that the product side is expected to do much better, including better growth in Khione and Tezcatlipoca. So what is kind of moderating this product side to only 10% growth for H1 to H1? And what is the expectation on the product side?

Aman Kirloskar: Yes. So on the product side, generally, if you look at what are the products which we sell, I think segment-by-segment, we have seen growth, as you mentioned, about 13%. But largely, we've seen the growth coming from CNG. We've seen some good order booking coming from the refrigeration equipment and some growth there as well.

But on the air compressor side, we sell a very large, let's say, very niche kind of compressors, and these would be driven by various end user segments where maybe we are not seeing as much growth as what we anticipated.

That being said, we continue to launch new products and try and reach more markets. I think as I had highlighted in the call, we have been getting some traction in the pharmaceutical space. I think if you look at it over a broader time frame, over the past 5 years, we used to have 60% package business and 40% product business.

And I think this year, we are expecting, I mean, last year, it was the opposite. It was about 60% equipment and 40% package. And this year also, we are expecting similar numbers. So this is all in an effort to kind of try and even out the consistency of our sales. I hope that answers your question.

Amit Anwani: Yes, yes. Right. And second, I wanted to understand what exactly is causing this dispatch delays in Precision Engineering. And like what is the H1 revenue? What are the expectations now for full year for this business? I recollect when we won this order, this was like 15, 18 months kind of order. So has the time duration also changed? If you could highlight more what exactly is the challenge here?

Aman Kirloskar: Yes, I think the execution challenges that we have been facing have been primarily is there's a lot of rigorous documentation for this order. I think the equipment that we are providing is -- falls into the bracket of highly critical but relatively low value.

And what that means is there's a lot of – you know, we've been supplying this equipment for quite a few decades. And I think over the years, there have been numerous iterations. An order of this scale has never materialized, however.

And now that we have received this order, the documentation, which we got was really a mix of various documents over the past few decades. And I think the learning for us was really that at the time of accepting the order, we should have probably gotten it rectified. But as I speak to you today, it has been rectified, and we are dispatching this order.

Amit Anwani: Yes. What's the revenue in H1? And what's the contribution we are expecting now for full year? And has the duration changed for the order?

Aman Kirloskar: Yes. So we were expecting to execute a large portion of this order in the first 6 months. That has not materialized. So almost the entire order will be executed starting this quarter and completing next quarter.

Amit Anwani: And the full INR450 crores, INR500 crores, is it?

Aman Kirloskar: No, I don't know where the INR450 crores, INR500 crores figure has come from. We've not given exact figures on this, but it is lower than that.

Amit Anwani: Okay. And lastly, if you could -- if Ramesh Ji, you could share the breakup of H1 in terms of air, refrigeration, oil and gas and precision. And what's the H1 to H1 growth? That's it.

Ramesh Birajdar: Generally, we don't share the exact number for this division. We generally give the range. The ACD is between 16% to 20%. The ACR is, again, it is 42% and 32% to 35% is coming from the PGS and 6% to 9% is coming from the PED.

Moderator: The next question is from the line of Saania Jain from Care PMS.

Saania Jain: Just 2 questions. First was that management just guided that quarter 3 and quarter 4 would be better year-on-year. Given we have a high base, what exactly do we think will get this growth except the execution of Engineering division?

Aman Kirloskar: Yes. So I think if you look at the pattern of order booking last year, generally, our large package deliveries are about 12 to 18 months. Most of the orders were actually booked in the second half of the year. And what that means is that I think it was reflected in the breakup given by our CFO as well that there was not much packaging business, which was dispatched in the first half.

So a large portion of this will come in the second half. In addition to that, a lot of our equipment also tends to be, let's say, a little bit more seasonal, especially around refrigeration. So I hope that answers your question.

Saania Jain: Okay. Got it. And just another question was that last quarter, management guided that FY27 should be a strong year for order booking. So how is the order pipeline looking like right now

where are we seeing tractions from? And what do we expect our order book to be at the end of FY27?

Aman Kirloskar: Yes. So I think we are still seeing quite a good opportunity pipeline, especially in the gas space. I think the domestic gas exploration is certainly picking up steam. And I think in terms of expected order booking by the end of the financial year, we generally don't give those figures. I hope that I'm able to answer your question.

Saania Jain: But estimated growth, if you can? Any range will also be fine?

Aman Kirloskar: Yes. So we aspire to grow by 20% year-on-year. And I think our order booking should also see those kind of figures.

Moderator: The next question is from the line of Eshwar Arumugam from ithought PMS.

Eshwar Arumugam: So regarding gross margins this quarter, this quarter, we did a 55% gross margin, like an expansion of around 7 percentage. So like how much of the gross margin expansion is equipment over packages mix? And how much is like the in-house - increase in the in-house content?

And how much simply reflects the absence of the large low-margin package dispatches? And when the H2 packages, when they ship, does the gross margin, which is above 55% today, will it revert back to the FY26 levels? So that's my first question?

Aman Kirloskar: Yes. So on margin side, we always state that we target to be between 18% and 20%. I think that this year would be -- would not be an exception to that. Just a little nuance on the package side. These are all large orders which are negotiated on a case-to-case basis. So really depending on the particular order, the margins can be low or they can be quite high as well. And generally, we don't give a breakup between package margins and equipment margins.

Eshwar Arumugam: Great. Got it. And regarding Zephyros, you said that the commercialization has been like slower than expected. You've installed 2 units in your factory and 1 unit you've been sold, but not yet commissioned. And you -- like a couple of months back, you mentioned that you guys will be doing a sales strategy review in the last quarter's end.

So what -- is there anything which came out of the sales strategy review for Zephyros? Like what is the external order book for Zephyros today? And the INR250 crores in capex you planned for this particular product, has it been rephased against the actual order intake rather than the original schedule which you planned for?

Aman Kirloskar: Yes. So on the sales side, at the moment, we are still continuing to try and get a few very good reference installations for this product. I think this product is something which has to be experienced. Really when- if we go to a customer and say that you're able to save a significant amount of your power bill every day, I think that itself will help in the sales.

So some part -- it is not that we are being very aggressive in sales and we are not getting orders. We are trying to do a lot of concept selling, and I think that takes some time. Coming

to the capex, while we have received the PLI scheme for, as you mentioned, INR320 crores, and we have deployed some of it.

We are waiting to see how the sales really pick up before deploying that capital. In addition to that, a large part of the -- what we have already deployed is -- can also be used for many of our other products, and that is what we are currently using some of these facilities for.

Eshwar Arumugam: Great, got it, and could you also please give us an update on the newer products which we've introduced over the past 3 years, like Khione, Tezcatlipoca, Calana, Hydrino, Tonalli, etc.?

Aman Kirloskar: Yes. So Hydrino, as I said, we have -- it's a bit of a, let's say, more niche and smaller market, but we have got some good traction in the pharmaceutical space. If you look at the trend for the last 3 years for the Tezcatlipoca, we have actually been taking quite a bit of market share here. And this is a highly technologically complex product, and we have a good range. We'll probably be looking at how we can expand the range going forward.

Khione as well this year, we have got some good orders from various sectors in food processing, fisheries, ice plants, and we've also got some orders for export as well. So I think all of them are progressing well. Generally, what we say is that new products should be about 15% of our overall sales, and that is still something which we are trying to do.

Eshwar Arumugam: Right. Got it. And what would be the addressable market for Hydrino and Tonalli in your estimates?

Aman Kirloskar: So Tonalli is actually a first of its kind of product. It is essentially a containerized biogas plant for a very specific use case, which is really waste food. So you -- this arrived out of a requirement which we had in our own canteen where we wanted to see how we can utilize the waste food better, and we came up with this as a concept.

This is -- it will be very difficult to really say what the market would be like. But at the moment, we have a range which is 100 kilos per day, 500 kilos per day and 1 ton per day. And anybody who generates that level of food waste could potentially be our customer. On the Hydrino side, the market would be, like I said, it's not a very large market. It would be about INR75-odd crores.

Moderator: The next question is from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: A few questions from my side. On this Zephyros, right, you mentioned that the installation you are not yet done. So is there a delay from our end or from the client end? And the larger question is that how confident are we on the technology part, right?

Because this product is something where the market is, I mean, towards a different kind of a setup, right? So we will have to develop the market. So how is our installation at some of the, let's say, pilots going on?

And how confident are we on some of the numbers that might had come across during our testing phase and now that there might be some compressors on the ground, not just at our unit,

but some of the prospective clients unit as well. How confident are we on this technology picking up, right? So some qualitative comment on this product would help?

Aman Kirloskar: Yes, yes. So the delay would be more on the client side. This is going to an office space. So I think once that building is ready, then we'll be able to commission this. On the technology standpoint, there's nothing really new in this. It is really we've been doing ammonia refrigeration, I think, since very close to the inception of the company.

And in the industrial space, ammonia is the refrigerant of choice simply because it is the most efficient refrigerant available, and it is also 0 GWP, zero ozone depletion potential, etc. So on the technology, what we have done is actually figured out how to make it a little bit smaller, make it for a smaller application and also how to use a refrigerant like ammonia in a very safe and efficient way.

Traditionally, most of the compressors used in these kind of chillers are semi-hermetics, so similar to our Tyche range. Here, the refrigerant would come inside the motor and cool the motor and then go forward to be compressed. Of course, ammonia is a little corrosive to copper, so this arrangement does not work.

And our technology is actually around how we can utilize ammonia to get that extra efficiency out of the motor by keeping temperatures in control. So on the technology side, just to summarize, there's nothing new in this. There is -- I would say the innovation is more on the package side, and we are 100% confident that we will achieve the numbers what we have shown.

Prolin Nandu: So just on the client side, right, wherever we have installed, what is the kind of feedback that we are getting, right? And apart from this one order where installation is pending because you said commercial building is yet to come up, can we expect more of such installation in this year itself or it will be dependent on how the installation at this client can go?

Aman Kirloskar: Yes, we will try and get some installations in this quarter itself to get some good feedback from customers. But from the packages which are running, especially in our own factory, we are seeing results in line with what we expected.

Prolin Nandu: Okay. And on the Precision Engineering side, right, you mentioned that there was documentation delay. So again, can you -- I mean, when will we be confident to give out the number on the quarterly or maybe on an annual basis as well, right? Because right now, a lot of details about this segment are something which you have not yet disclosed, right?

So apart from this one order, which you expect to be executed this year itself, what is the pipeline looking like? Have we won more orders? Is there a new order which is there in this INR2,000-odd crores of order book? Some more details on Precision Engineering segment will also help.

Aman Kirloskar: Yes. So the reason that we are actually not being a little opaque on the Precision Engineering business is because we need to see how sustainable the business is year-on-year. We are

working on developing new products for this segment, but it is taking some time. We have got some development orders, but these are really not very large orders.

They are more to really prove the capability of KPCL in this space. Once we execute the development orders, then we can look at some larger orders coming in. I think out of the INR2,000 crores order board, which we have, I don't have the exact figures of how much would be in PED in terms of new order booking, but it would not be too much.

Prolin Nandu: Okay. And one last question on the CBG as well, right? You mentioned about the Tonalli part. But there also, there have been some regulatory changes or the policies have been slightly more clearer on the expansion of CBG.

how is the traction after, let's say, some of the policy changes which were implemented or which came out in August? Are you seeing more traction because of some of the bottlenecks being cleared by the policy? And how is our product offtake outside of Tonalli as well?

Aman Kirloskar: Yes. So Tonalli, as I said, is a bit of a different product. So I'll keep the conversation more towards the biogas compressors. This year has been a fairly good one for biogas compared to the previous year.

Again, it's at a fairly low base compared to some of the other kind of compressors, which we generally discuss. But certainly, we've seen a very large increase in order booking. And I think that is more driven out of the geopolitical crisis than any recent policy decisions.

I think in biogas, the compression is something which has been figured out. I think the key problem is generally the availability of a consistent feedstock. And I think in some places, it has been, let's say, solved, especially in an industry where somebody is producing their own waste, they can kind of generate a predictable level of biogas year-on-year or day by day. But for some of the other things which are being discussed, I think there it will take some time to reach that shape.

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

Sahil Sanghvi: My first question is, well, these geopolitical disruptions, whatever is going on, we kind of now are 2 quarters into this, and we really don't have an understanding when this will end or how long this will last. Assuming that these things still continue for maybe a couple of months more, are we still seeing that kind of business sentiment or business activities that we'll still be able to do a double-digit growth on the revenue, even if these disruptions continue?

Aman Kirloskar: Yes. While we did get hit in this quarter, we are still confident of the full year showing double-digit growth. I think the disruptions in the Middle East do have an impact on us. But overall, if you look at our export business, it is not a very large part of what we do. We have seen some orders getting deferred in the Middle East, and that may come - these orders may materialize once this conflict ends. But I think for this financial year, we are still well positioned to deliver double-digit growth.

Sahil Sanghvi: Got it. Secondly, in the order book, what will be the proportion of orders from the Precision Engineering division? Possible to give the contribution in the order book?

Aman Kirloskar: We don't give out contribution. But previously, we have mentioned that the Precision Engineering division is about, let's say, 13% or 14% of the current order book.

Sahil Sanghvi: Got it. Lastly, just the revenue mix with respect to the divisions, I'm sorry, I was not able to get the exact numbers and the short forms, possible to repeat that?

Aman Kirloskar: Yes. So broadly, what we say is that traditionally air conditioning -- sorry, air compressors is about 15% to 20% of the business. Process gas is 30% to 40% and refrigeration is between 30% and 40%. This year, we have not seen so far the dispatches picking up from PED. So this will be something which we have to add once we get the dispatches going.

Moderator: Ladies and gentlemen, we take that as the last question for the day. I would now like to hand the conference over to Mr. Sanjeev for closing comments. Over to you, sir.

Sanjeev Zarbade: Thank you, moderator. Let me take this opportunity to thank the management of Kirloskar Pneumatic for giving us the opportunity to host this call. Before I close, may I invite Mr. Aman to share his final comments, and then we can close the call. Thank you.

Aman Kirloskar: Yes. So firstly, thank you to everyone for joining this call. I think the numbers which we have posted are not to the level which everyone is expecting. And I think we are also going to spend this quarter working very hard to reverse this trend. On that note, wishing you all a happy Diwali, and thank you all once again for joining.

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