Kirloskar Pneumatic

Ref.: SEC&LEG/375

January 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/354 dated January 19, 2026; we inform that the Conference Call for Investors and Analysts was held on Friday, January 23, 2026 at 4:00 p.m. (IST) to discuss on the Unaudited Financial Results of the Company for the quarter ended December 31, 2025.

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

You are requested to take the same on record.

Thanking you,
Yours faithfully,
For Kirloskar Pneumatic Company Limited

Jitendra Rajaram Shah

Digitally signed by Jitendra Rajaram Shah
Date: 2026.01.29 10:37:14 +05'30'

Jitendra R. Shah
Company Secretary
Membership No. 17243

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A Kirloskar Group Company

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"Kirloskar Pneumatic Company Limited

Q3 FY '26 Earning Conference Call"

January 23, 2026

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

MODERATOR: MR. AMIT SHAH – ANTIQUE STOCK BROKING LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Kirloskar Pneumatic Company Limited Q3 FY '26 Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

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

Amit Shah: Thank you, Pari. Good evening, everyone. On behalf of Antique Stock Broking Limited, I welcome you all to Q3 FY '26 post earnings call of Kirloskar Pneumatic Company Limited. To discuss the results, we have the senior management team of the company, represented by Mr. K. Srinivasan, Managing Director of the company and Mr. Ramesh Birajdar, CFO of the Company.

I would hand over the call to Mr. K. Srinivasan for his opening remarks, post which we can open the floor for Q&A. Over to you, sir.

K. Srinivasan: Thank you, Amit. Good evening to you all. Let me start by wishing you all a very Happy New Year. May the New Year bring peace, prosperity and a lot of happiness all around. Thank you for joining this call today. I have with me Mr. Ramesh Birajdar, the Chief Financial Officer; and Mr. Jitendra Shah, the Company Secretary. Before proceeding with the business update, I would request Jitendra our Company Secretary to read out the disclaimer statement please. Jitendra?

Jitendra Shah: Yes. Thank you, sir. Good evening to all and wish you Happy New Year. 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 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 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 discussions. Thank you.

K. Srinivasan: Thank you, Jitendra. Let me now proceed with the business updates. Q3, as always, is a short quarter. We had a solid order bank for execution and the plants were running flat to catch up on our sales target. While we internally met most of our manufacturing targets, we could not get this to translate into sales as some of the larger packages were not cleared for dispatch.

This meant a lower sale and a higher inventory. The customers have promised to look these packages in Q4, and we are in active discussion with them as we speak. And hopefully, they should all go by February.

Order booking picked up. As on 1st January '26, we have an orders on hand of INR1,939 crores, which is about INR60 crores higher than the same period last year. But there is one big difference. Last year, we had nearly INR600 crores of large package orders in this. This year, however, we have no large package orders in the INR1,939 crores. This would mean that the sales next year quarter-on-quarter will be far smoother than we ever had.

Sales YTD was INR1,054 crores as against INR1,046 crores, pretty much flat, almost about 2% higher. With the packages ready for shipment, we expect to close the year with a sales between INR1,800 crores to INR1,850 crores, nearly double-digit growth. YTD PBT was INR172 crores is nearly the same as last year, about INR175 crores. PBT for the year should end at least between 20% to 25% higher than the previous year.

Order inflow has picked up and will certainly support strong growth next year. We continue to create new IPs. The recognition of this is the fact that KPCL was awarded as one of the top 30 IP-driven corporates in India by CII along with large industries. As on 31/12/2025, we have filed 106 IPs and a significant number of them have also been taken up for commercialization. The net working capital was at INR276 crores.

This is lower than the INR288 crores in the same period last year. This is behind the back of strong receivable management and significant advances from the customers. Inventories, as I mentioned, is still a challenge, and we hope this will translate into sales during the next month. capex spend was INR54 crores. We expect a total capex spend of about INR90 crores for the year. Free cash generation from operations YTD FY '26 was INR45 crores. This is after the capex and the dividend.

Let's now discuss the result of our product lines. The air compressor business had a steady quarter, both in new order intake and in sales. The Tezcatlipoca centrifugal compressor continued to shine. We have invested in a couple of new CNC machines from Japan and Germany to double the capacity in this line to meet the growing demand. The additional capacity will be available from Q1 next year.

Refrigeration compressors and systems. The Refrigeration Compression segment completed the manufacture of the large projects during the quarter. We also commissioned two Zephyros plants as a technology demonstrator, and these plants have been commissioned within our plant to see their performance. Learnings will be used to fine-tune the product for bulk manufacture under the PLI program. We expect to have this clearance during this quarter.

Order intake from cold chains, ice plants, dairies, etc., continue to be strong. The Khione package sales has picked up, and it has stabilized across various application areas. Sales of the Tyche semi-hermetic compressor has commenced and it's scaling up.

The process gas compression system. The oil and gas sector seems to be finally getting out of a state of somnolence. We now see some movement in terms of order finalization. As you know, the whole of last year, there's practically no big orders being finalized in this space. The global uncertainty has impacted this seriously. However, finalizations are slowly picking up, not only in packages, but also in the CNG package orders as well as in the boosters.

The installation as of now is the lowest in the last 5 years. We hope to see something better happening going forward. The silver lining in this space has been the significant activity level in the MENA region for the CNG packages, and we hope to benefit from this. We have already installed a couple of orders in this space. We have also picked up a couple of orders for the hydrogen and biogas space, and we expect to complete execution of this in the Q1.

The O&M business continues to do well with a growing installed base, albeit at a lower than planned. But overall, Process Gas segment will remain flat for the year. Export order booking was on plan. We should be doing a sale of about INR140 crores this year compared to INR124 crores in the previous year. Most of the exports have been for process gas business and a significant part of it is into the MENA region.

Outlook FY '26. The global economy is in a precarious state and makes planning exercise a challenging one. We expect to close the year with a sales of about INR1,800 crores to INR1,850 crores and a PBT of about INR345 crores to INR360 crores, a growth of about 12% to 14% on the top line and about 20% plus on the bottom line. While this is below our run rate of the last 5 years, we expect that we will get back to our targeted growth rate of 20% on the top line and an EBIT margin of 20% going forward.

KPCL's focus on building sustainable competitive advantage in our offerings based on strong value chain integration, in-house manufacture driven by unique IPs and a sharp focus on targeted markets will ensure the predictable and profitable growth path even with choppy market conditions.

A committed and highly engaged workforce is a bedrock on which our growth aspirations are built. This was once again reinforced by our winning the Golden Peacock Award for HR Excellence during 2025. I would now request Ramesh Birajdar, CFO, to take you through the financials. Ramesh?

Ramesh Birajdar: Yes. Thank you. Good evening, and wishing you very Happy New Year.Q3 FY '26 financial results have been officially released on the BSE and NSE website following our recent Board meeting. For your convenience, we have also posted a detailed investor presentation on the company's website, which highlights the current performance trends and key business updates. To assist those who may not have had the opportunity to view results, I'm sharing a summary of Q3 FY '26 outcomes.

Sales for the Q3 FY '26 were INR403.5 crores against INR340 crores of Q3 FY '25. Sales for the Q3 also showed a growth by 18.5% over previous year's Q3 FY '25. Other income for 9 months improved by 28% to INR21.1 crores compared to INR16.5 crores in the previous year.

Total income YTD ended December '25 was at INR1,074.7 crores compared to INR1,062.5 crores in the previous year.

The raw material to sales ratio for the Q3 FY '26 was better by 3.7% compared to Q3 FY '25. In terms of percentage, it was 48.1% in Q3 FY '26 against 51.80% in Q3 FY '25. However, YTD percentage of raw material to sales has improved by 1.4% in 9 months of FY '26 due to better product mix, selection of the orders and improvement in service business margins.

Staff cost, that is employee-related expenses stands at INR50 crores in Q3 FY '26, that is 13.7% of total income against INR44 crores in Q3 FY '25, that is 12.40% of total income. This increase reflects annual increments, commencement of operations at our Nashik forging plant and new foundry at Nashik, additional hirings for new products at our Saswad plant.

Company has maintained the status as a debt-free company and we, the company still has a net cash position of INR395 crores as on 1st January 2026. Depreciation for the both 9 months period for the current year and the previous year is almost same, INR22.80 crores in 9 months of FY '26 against INR22 crores in the 9 months of previous year.

Other expenses are mix of fixed and variable costs and are at INR 212 crores in 9 months of FY '26 against INR202.80 crores in the previous year. Increase in these expenses are on account of traveling, enhanced level of service business and expanding activities in our Nashik as well as in Saswad plant.

The year-to-date performance for the first 9 months of the current year shows EBITDA margin at the same level, reaching 18.2% of the total income to INR196 crores in FY '26 compared to 18.6% of total income to INR198 crores in the previous year. In the ongoing fiscal year, year-to-date profit before tax, YTD PBT has reached INR172.7 crores, constituting 16.1% of total income against 16.6% to INR175.9 crores in FY '25.

Net profit after tax for the initial 9 months of current fiscal year is INR114.5 crores, that is 10.7% of total income. In comparison to the previous year, INR130.4 crores, that is 12.3% of total income. The company has issued 42,200 equity shares during the period ending on December 31, 2025 under its Employee Stock Option program, while 93,600 equity share issued in the previous year during the same period.

As a result, the paid-up share capital was increased marginally. Year-to-date earnings per share for the current year is INR17.63 compared to INR20.12 in the previous fiscal year. Exceptional item in the income statement, the implementation of new labor code, which become effective on November 21, 2025.

Based on our current assessment, the estimated gratuity provision has increased by INR18.3 crores. The amount is an estimate and may vary by end of FY '26. We are currently awaiting clearer guidance and further regulatory directions to finalize the specific requirement and impact on our year ending reporting.

In line with our dividend policy, the Board of Directors has approved an interim dividend at the rate of 175% on the face value of INR2 per share, that is INR3.50 per share dividend to be paid as per the regular practice. With about 92% of the revenue coming from the Compression segment, it remains the only reportable segment.

The segment earned a profit of at the rate of 21.6% in the current quarter, while in the previous year, it was 21.80%. The Compression segment is consistently sustaining within the range of 18% to 20%. As of January 1, 2026, the company holds an order book of INR1,939 crores, marking at 19% growth compared to INR1,624 crores at the beginning of the year.

Segment asset experienced INR50 crores increase compared to the previous year, primarily due to increase in inventory in order to arrive at the capital employed for the segment, current liabilities were reduced. As you are aware that company acquired Systems & Components (India) Private Limited situated at village Patgaon, near Murbad, Maharashtra. Comparable details for the consolidated business will be provided after completion of 1 full reporting cycle.Now this forum is open for the questions from esteemed investors.

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

Balasubramanian: Sir, commercial refrigeration side, especially across AC systems, the market size nearly INR5,000 crores for Commercial Chilled Water segment. I think we have a patented zero GWP refrigerant technologies. How will this differ from standard refrigerants used by Voltas or Blue Star? And how do you look at in this market, what kind of market share we are targeting, sir?

K. Srinivasan: Okay. Bala, thanks for your question. See, I will explain our Zephyros concept. Zephyro uses ammonia as a refrigerant. As you all know, there are only two natural refrigerants, which has got zero ozone depleting potential and 0 carbon warming global warming. So, we are using ammonia as a refrigerant. This is quite different from what most other companies use.

Most other companies use refrigerants like R134a, R-32a, etc. All of them have even the best one, the newest one is R-32A, which has got zero ozone depletion potential, but its global warming potential is 765 and above. So the earlier ones are all 2,600 and above. So, these are all, let's say, global formulation.

The manufacturers in India pay them a license and make them. They cost on an average between INR2,000 to INR2,500 a kilo. Their COP, the efficiency of refrigeration is much, much lower compared to an ammonia system. That's why we believe ours is not only environmentally friendly, but also far more economical for using.

Now the two questions why this has not been used all along. There are two reasons. There is one, ammonia tends to react with copper. Consequently, if you use ammonia as a refrigerant, then you cannot run it on a semi-hermetic compressor. Semi-hermetic compressor, the refrigerant itself cools the copper winding in the motor.

Our patent is around the process by which we use ammonia, but still are able to achieve what is called as a quasi or a semi-hermetic system by which an alternate material is used to cool the motor windings. So consequently, we get the benefit of ammonia, but also get the benefit of being a near semi-hermetic motor. That's a system that we have developed. That is where all our IPs are on.

The second disadvantage, which ammonia was thought to have is saying that ammonia's use can be seen as in low concentrations, not toxic, but very high concentration toxic. So we generally don't bring ammonia into the homes. If you look at all your window air conditioners, which is all there in your offices, etc., they are all what is called as, variable refrigerant flow compression system, where the refrigerant itself comes into the rooms.

In our case, we don't use refrigerant coming into the room, it is only chilled water. So, we have mitigated the disadvantages and enhanced and utilized the advantages of ammonia as a Zephyros system. Our IPs are around this space. This will allow us to offer a system which is not only environmentally friendly, economically cheaper and much more efficient to run and use. The market size, like you said, can be anywhere up to INR5,000 crores.

We will increasingly take market share. In any of these systems, first is, it has to be established and comfortably used in a critical number of applications. And after that, it scales up very rapidly. We are working on a PLI scheme to get the volumes to be produced. Currently, we can make with our existing facility, a reasonable number, which is what we will do to deliver a few in the market. And as the PLI scheme is approved, we'll really scale up and get volumes. That's a long answer for a good small question.

Balasubramanian: Sir, I think customer site delays have impacted installations for nearly 3 to 6 months for especially large refrigeration packages. How is the situation currently improving? And sir, secondly, I think we can -- if we are making AC system, whether we have the capacity to make 20, 30 CFM for RAC compressors. I think right now, we are in the progress of A800 frame 800 CFM. Is there any scope to develop in future?

K. Srinivasan: Okay. So, in the centrifugal compressor, the Tezcatlipoca, we currently start with 2,100 frame and go up to 7,000 frame. The actual CFM it can deliver can be as high as 8,000-plus. But on the lower end, we try and stay nearer to the 2,000 range, but we have a new frame that's coming up, A800 like you said, it is already proposed done. It has been running in our factory for alpha testing.

We'll probably launch it in the market before first quarter. That will cover then starting from maybe 600 CFM onwards. So, this will be the smallest centrifugal compressor available in the Indian market. It will replace a significant number of dry screw compressors as well. So, this will be a breakthrough, and we hope to have it in the market in the first quarter.

Balasubramanian: Okay, sir. So, I think you have missed like I think the whole industry is importing RAC compressors, whether we can able to develop those capabilities. I think that's a very small compressors, 20, 30 CFMs?

K. Srinivasan: Okay. So, at the moment, our range of Zephyros starts from 15 TR. You were talking of very small compressors like 20, 30 CFM compressors. We do not make them for refrigeration. But for air conditioning, we are in the midst of developing a small CFM compressor. It can be very, very small. And this is being done for oxygen. That product will be available in the market from the first quarter. We have not announced it yet, so it will come and then we'll announce it.

Moderator: The next question is from the line of Sameer from Ambit Capital.

Sameer: So, if I back out the orders inflow numbers on the backlog and sales, it comes out to be around INR679 crores, which is like almost more than 50% of Y-o-Y, and probably the highest in many quarters. I just wanted to check whether this number is right. And this growth is broad-based or any particular market or product you want to highlight? And do you have any target for orders for FY '26?

K. Srinivasan: Okay. See, the orders have not come from; I mean, the big orders have not come from the traditional areas. Like I said during the opening comment itself, we generally get large package orders both in refrigeration and gas.

This just did not happen during the entire calendar year '25, last quarter of last financial year as well as the first 3 quarters. We hope to see some order finalization in large packages from traditional markets only from January. We have seen a few coming in, mainly from the oil sector, but we expect more.

The bulk of our orders that we have taken this time are not bulk, a significant part of the orders that we have taken this time are from non-traditional areas, which utilize our manufacturing capacities and capabilities. And that would probably drive growth during the first 2, 3 quarters.

Sameer: Okay. Thank you. And the second one is you talked about the 20% growth in margins is probably the midterm target. Do you see any green shoots to feel confident about, let's say, for FY '27 or FY '28?

K. Srinivasan: You're talking about EBIT margin?

Sameer: Yes. 20% growth you talked about, right?

K. Srinivasan: Yes. So, the 20% top line growth, see today if you look at for the first 4, 5 years, last 4, 5 years, we have been at a growth rate of CAGR roughly 19%. This year we're going to be lower. We're going to be probably be 10% to 12%. We expect to come back to a 20% growth rate from the next year onwards on the top line.

Sameer: Okay. Thank you. That was all from my side.

Moderator: Thank you. The next question is from the line of Niraj from White Pine Investment Management. Please go ahead.

Niraj: Sir, just wanted to know color on the orders from the Middle East. Can you tell us how the clients are thinking because we have heard about delays in the orders in the Middle East side and our large value of orders might be delayed or might be coming from that side as well. So color on that side of the end market would be useful?

K. Srinivasan: Yes. So the export business for KPCL itself is only going to be about INR140 crores this year. Last year, it was about INR124 crores. So for us, as a percentage, it has never been beyond. It has never even crossed double digit. Most of this order, I keep saying is from MENA region. They're not exactly Middle East. Some of it would be North Africa.

And we do not do very large distribution of them. It is a few package orders. You are 100% right when you say there is a huge delay in orders, particularly from oil and gas sector from West Asia. That is true. We don't have any orders from them. Most of it is for us from the MENA region.

Niraj: Okay. got it, sir. And any guidance on the revenues for this year?

K. Srinivasan: I think we said so it will be INR1,800 crores plus.

Moderator: The next question is from the line of Kunal Sheth from BK 360 One.

Kunal Sheth: Sir, I just wanted to get more light on in view of our completion of tenure, Mr. Aman has been appointed as the MD. So, any particular reason for -- we're not opting for extension as well as what would be the pathway going ahead as far as the leadership is concerned?

K. Srinivasan: So I think this would be probably one of the better managed organized succession that the companies are going through. My tenure here was primarily to ensure a smooth succession. And as you know, I came out of retirement. I was retired already in Carborundum. So, I came in here post-retirement with a particular mandate of developing the next generation of leadership. And it was only for a period of 3 years, and I actually stayed on for 2 more years. So it's been near 5 years.

And I think it has been one of those very nice succession planning. Every bit of it has been done together. It was cannot be more structured, more organized, and I think this will be one of the nicest transfers that happened. And he would do far better, far quicker and far nicer than anything that I have ever done. So, I think I'm extremely happy about the way it has developed and you people will all see how it goes as we go forward.

Kunal Sheth: Sir, but if you can talk more about how involved was Aman for all these years, how in the business? And if you can talk a little bit about the second tire leadership structure, what kind of leadership in terms of second tire have been developed? What is the structure like?

K. Srinivasan: Yes. So Kunal, I had mentioned in my last part of my opening comment on the enablers, which makes us confident about the outlook. The primary enabler, 2 measures I'll give us. One is our employee engagement scores is industry standard. It's even higher than industry standard. We have a score of 86 when manufacturing industry is about 82 or 83. So it's better than industry standards. My attrition rates are below 10. My IP filing of 106 is averaging more than 40 per year.

So, in terms of employee engagement, employee productivity, employee measurement, these are all engagement scores coming out of a whole lot of people, all the say 900-odd people in the company pulling together and getting into a very productive phase of growth and development. So this is coming out extremely well.

And Aman has been intensely part of all of this. So, he brings in a freshness of thought, he's been championing all the newer things that we are trying to put out. And that it has allowed him to work on different spaces. He's been reporting to the first-line reporters. He's been learning from the line. And that has been a good development. Yes, he is from the investor family, from the promoter family, but he has gone through the rigors of being trained to take on this role.

Having said it, we have also supported him with a whole lot of leadership team around. It's not going to be Aman alone sitting there and fighting the battle. There's a whole lot of team out there. There are 200 engineers and manufacturing specialists, design specialists, marketing teams and of course, the whole financial, legal, secretarial support teams as well.

So, I think it's a collective team with a fine young leader who will come in to take it forward from here. Like I said, I'm very pleased and happy the way the whole thing has developed. When you people, any of you have a chance to come and visit, you will yourself go around and see whether it makes sense to you or not.

Kunal Sheth: Sure, sir. And best of luck for the future year, sir and thank you for the valuable contribution.

K. Srinivasan: Thank you.

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

Khush: So, a couple of questions. So first, since you are maintaining the guidance of around INR1,800 crores to INR1,850 crores of revenue. So could you elaborate more on what are the reasons because this would result in around 35% growth for the quarter. So the reason for this is basically the inventory like you mentioned, which has not been picked up from the factory? Or is it some large orders that we expect to execute in Q4?

And apart from that, secondly, on the employee expense cost, should we assume that this combined expense of INR69 crores, INR70 crores is the new quarterly run rate because of the change in the law? And post that also, we are confident on maintaining around 19%, 20% EBITDA margin going ahead?

K. Srinivasan: Okay. First thing first, the employee cost will remain between 10% to 12% of sales. That will not change. What has changed with whatever is visible at the moment with the new labor code, the Maharashtra State thing has to be notified yet are 2 parts. One is there is a change in the gratuity that will impact and there will be a change on leave encashment and the value of leave encashment that will impact.

Our measure of both on a forward basis will be about 0.8% to 1% of the total. So it's not very big. In terms of value, we are talking of less than INR2 crores a year. So that's not going to be significant. We will handle it. We can manage it multiple ways with a slightly lower increment or whatever it is.

There will be a onetime top-up of gratuity. There could be a onetime encashment of leave that would have to be done. And these are already notified. We have already calculated this onetime top-up to be about INR18.3 crores on gratuity. The onetime leave encashment could be about a crore. So these are the only onetime impacts. There is no grandfathering allowed. So we are expected to pay for all that is on the book even during the date of transfer as of 21st November 2025.

So that is the only thing, but I don't think that's going to go without some kind of a challenge. So let there be some clarity because this is all for the past period that we are talking of this INR18.3 crores plus another maybe a crore from leave. So that is something that we will have to see.

Even assuming this has to be taken, the tax, etc., will come up only when you have to top up the contribution. And we may top it up not in one go. We may even decide to top it over 1, 2, 3 years. So there is enough time on this. Short answer for the employee cost is this is important for the employees, but not significant for the company to make any material impact on the profitability. So that's a detailed explanation on that.

The second question you asked is on the third quarter. See, third quarter, if we had dispatched the packages that are ready, it is primarily to 2 customers really. And these are large, large customers. I don't want to mention their name because they're also in private sector. So if it in the site has been ready and if they have taken it, the sale in the quarter would have gone up by more than INR150 crores. So to that extent, I'm not going to make it in the last quarter.

So the last quarter is going to be as of manufacturing dispatch, a very routine, normal fourth quarter like we would have in any other year. So there's nothing big that's going to happen. It's going to be a routine, normal fourth quarter for us in this case, and we will get the numbers what we have planned.

Khush: Right, sir. And sir, just one last question on the gross margin. I think this quarter, we have seen around 52%, which is around 400 bps change compared to last year Q3. So what were the major reasons? And will this be the new sustainable gross margins?

Ramesh Birajdar: Last year, December, the quarter 3, the percentage for the raw material, it is 51.8% against it is 48.1% for this quarter. So what I am saying that it is again the developing the manufacturing capability that is giving the benefit plus selection of the orders and getting the business only when we are able to maintain the profitability between 18% to 20%.

And most of this, it is a O&M business where we purposefully took a target to reduce the cost, and which is working very well for this quarter. And going forward, this will a little bit improve because we are developing our manufacturing capability. And this manufacturing capability to bringing raw material at the lowest price or the price which we want to build our sales for the compressor. So both put together, roughly we are expecting to reduce 1% to 2% further going forward.

Khush: Right, sir. Sir, just the last follow-up on that. So how much would be the service revenue for 9 months?

K. Srinivasan: Okay. See, I think service as we don't split it. We generally keep it at 15% of our top line sales because if you get detail without get into a quarter-by-quarter too much of variation. We bundle it up and give a number of 15%.

Khush: Okay. All right. Thank you.

Moderator: Thank you. The next question is from the line of Ajinkya from KRIIS Portfolio. Please go ahead.

Ajinkya: My question is regarding the Zephyros product. So I wanted to understand like we will be supplying only the compressor or in the package, we are going to supply the controls and other things as well. And what will be our sharing value terms per TR of the capex?

K. Srinivasan: You are talking of the Zephyros project?

Ajinkya: Yes.

K. Srinivasan: Okay. So for Zephyros, the way we are currently thinking is a significant part of the initial sale will be that we make the Zephyros package and also have to do the installation related things, which is really the air handling systems, the controls, putting it in place. Maybe the first 100, 200 packages.

Later, our interest would be to focus only on making the Zephyros packages, allowing the installation-related activity, which means the air handling units, site work, piping, etc., to be done by a local installer or currently, whoever is doing it. So we won't really get into that space. But for them to have the confidence, we initially maybe the first 100 installations we will do assets.

Ajinkya: What will be our share in the capex, like the per TR, how much we are targeting?

K. Srinivasan: Okay. Maybe market price of depending on, let's say, if you're looking at the 35, 40 TR air conditioning space, they are now calculating around anywhere between INR35,000 to INR40,000 per TR. And we would take about 2/3 of it, 1/3 will be with the installer.

Ajinkya: Okay. And like you said, like we will be targeting our capacities at about 15 TR. So as far as I understand, ammonia-based systems require a higher capex as compared to the traditional ones. So how it becomes economically competitive with the existing products? Like am I getting something wrong here like how is the economics for that?

K. Srinivasan: Your question is correct. See, the ammonia-based systems costing more is the accepted practice. With our IP, we expect to break that belief that we can make an ammonia-based system and at a price point comparable or cheaper than the current other machines. So that is where most of the IP and the manufacturing.

Ramesh you did it saying that unless we make most of the manufacturing in-house. Today, you look at most of the air conditioning company manufacturers, they are an integrator. They get most things from different people. Almost all of them get their compressors imported. Many parts are made by different people in India or outside and they integrate it.

We would be an exclusive in-house manufacturer of most or almost all of the parts. That's why the PLI scheme. That will allow us a scale and cost advantage, which is quite different from what the current people are doing. We expect to make a fundamental change in the cost structure of this industry by doing all these assets.

Ajinkya: Yes. Okay. And the last question is, so have we worked on the replacing of the copper pipes with the steel pipes and the toxicity issues by ourselves or we onboarded some technology partner? Because what I can see in the international market, the bigger player like GEA, J&D Hall have done such products, but those are for like bigger applications like airports, huge malls. So you are targeting smaller systems, how we did that?

K. Srinivasan: Okay. So you got it right when you said the large systems are all in airports. The airports and other places have systems where most of it is where cool air is transferred. They also have water pipeline systems available. We are making several products that will finally be a part of the package. I don't want to get into details of what we are replacing with because there are several projects that are running within the company and several IPs are being filed on the input material.

So as you all know that today, the only thing that is growing faster than silver is copper. So you got to be careful about what copper we want to use where. And so there are several IPs that we are working around with, and we will talk about it once we are established in these states.

Ajinkya: Okay. And the last question is like if we get the PLI benefit, what will be the size of the capex for like the benefit from the government, any ballpark?

K. Srinivasan: Yes. So the PLI application, what we have filed entails that we have to commit a capex of around INR300 crores, but this includes the capex that we have already committed over the last 2 years. So that means for this specific project area, which includes input material, raw material all combined. So we may have to make an additional capex of about INR200 crores, which we will do in the next year, 1.5 years. And we have to deliver sales of at least 5 times, which we are very comfortable about doing. Ramesh, are we okay?

Ramesh Birajdar: Yes.

Ajinkya: Yes, that helps. Yes. Thank you, Srini sir and Ramesh sir.

Moderator: Thank you. The next question is from the line of Nipun Sharma from VLS Finance Limited. Please go ahead.

Nipun Sharma: So, my first question would be in two parts. The first part being that, if I can recall that you said in your second quarter con call that there was a situation of general slowdown in the finalization of orders across industries for air compressors. And for the Refrigeration segment, you said that large projects were running slow. So, I mean, I know you said this in your opening remarks that the orders are picking up. But I really wanted to know the situation as of now.

And the second being that you said that overall, the delays in the approvals or the slowdowns in the project executions were one of the main reasons in quarter 2 that the business was affected. So how is the situation as of now? And are there any chances for it to occur again in the future?

K. Srinivasan: Okay. So let me talk about the comments of Q2 and what we have done in Q3. Air conditioning is still running slow. General capex commitment across most segments is slow. That has not changed. What we meant in particular was the whole of the year '25, that is calendar year '25, no major project orders in the oil and gas sector, in the petrochemical sector was finalized. And that is what has created a shortage of large package orders. So, this is what really happened.

This is probably just -- I'm seeing the brief of some change coming. Somebody else also asked a question about Middle East. Yes, even Middle East orders were not finalized. Nothing was happening or whatever was finalized also is getting cancelled. This condition of the economy has not changed dramatically. Like we said in Q2, there are segments or spaces where it's doing well, which is largely consumption driven.

If you look at the cold chain, the ice plant, the food processing units, the diaries, they continue to invest, they are doing well. There are pockets of chemical primarily going with the pharmaceutical and other spaces that are still continuing to invest. So these are the areas where our refrigeration air conditioning packages still small ones are coming in, and we are delivering it.

Similarly true with some hydrogen packages, some biogas packages. These are sporadic. The kind of pace at which we were expecting and at least putting out quotes for orders are just not happening, and that's true even today.

The orders that we have picked up to cover up, which is really giving us the hope and confidence of doing numbers next year comes from non-traditional businesses for KPCL, which is why I said these are not from the compression area, but parts and components of another industry, which we are able to make in our manufacturing capability. That is what is driving our confidence and growth for the next year. We hope that the regular traditional orders would also pick up as we go forward.

Nipun Sharma: Okay, sir. Understood.

K. Srinivasan: Yes.

Nipun Sharma: Yes, sir, that is satisfied. So, what you're saying is majorly there are project delays in the gas compressors, I mean, in the oil and gas sector because of the uncertainty?

K. Srinivasan: Absolutely. And oil and gas includes petrochemical. There are some large two packages that didn't go are private sector and they are large petrochemical projects.

Ramesh Birajdar: I don't think you have noted the point of order board as on 1st January is INR1,939 crores, which is the second highest order board in the company's history. And this order board is more of an equipment side and rather than the large package orders. And this gives the confidence that we are getting more business in the future.

Nipun Sharma: Yes, sir. Noted, sir. I actually noticed that. That is why I recall what your comments from the second quarter. That is why I wanted to know the scenario in this air compressor and refrigeration system thing.

Ramesh Birajdar: Right.

K. Srinivasan: Right. Still running slow. Yes.

Nipun Sharma: Okay. So, my second question being that your Gas Compressor segment had been facing headwinds earlier, but now they are starting to get recovering. And you said in your Q2 con call as well that your segment share is gradually decreasing. So is that the plan for the future? Or is there any hope that this compressor will have a revival in the future?

K. Srinivasan: So, let me explain the gas part of it well. The gas package system has got 2 components. The upstream, midstream, downstream are packages and most of them use aerial compressors and we do the packaging. This requires projects. And here, we are not still seeing any great traction either in Middle East or in India.

So, this is still a struggle. But whatever orders are finalized, most of them we win in India. So that's -- once we finalize, we get these orders. Our market share remains very, very high. Middle East, we are among the several major players. So, some orders we get, many we don't get. So that's the way it is on the gas packages.

The second one is the gas distribution business, which is really CNG stations. Now in CNG stations, there are two. There are mother stations with large packages, there are daughter stations with booster compressors. Here, we used to have a fairly dominant position. It was almost a duopoly, at least on the mother stations. This continues to be a partial duopoly.

There is a third player now in this. But here, the actual number of packages that have been taken, the CNG stations is actually dramatically declined. It is probably last year was the lowest in the last 5 years. So new gas stations were not being commissioned, new pipelines were not being laid, while PNRGB had put out a target of at least 2,500 installations overall, it did not -- not even 1,000 would have happened.

So, there's been a dramatic reduction in new installations coming up. Even -- we manage about 1,200 packages across India. We found that this was not growing, and it was at the lowest in the last 5 years. On the booster side, we have won among many, many players. Most of them are small players.

They are the ones who can do anything to get orders. Here, we have consciously -- Ramesh has said it, we are not interested in playing this game. We have consciously reduced our exposure in this. Most of the orders that are finalized, except a few, which we took, we were not even there in this business. That has also not gone up. Any big numbers have not gone up.

Overall, the gas distribution sector, one did not grow. Actually, it show a tremendous degrowth. Our positioning has become more clearer, focused on the main stations and only take boosters selectively, which means our actual sale of gas distribution business is probably at the lowest in the last 3 to 4 years.

We have never been lower than this. The only redeeming feature is the main stations or CNG packages as we call, we have now started getting exports, which are of significant value for us, particularly from the MENA region. That has been a redeeming feature during this year.

Nipun Sharma: Okay, sir. Understood. I have 2 more questions. If that is fine, then...

K. Srinivasan: The moderator will decide, I have no role in this.

Nipun Sharma: Okay. So, what are your FY '26 guidance? I mean, I know you have talked about INR1,800 crores. So, by that, do you expect the fourth quarter revenue to be around INR745 crores?

K. Srinivasan: You have the numbers.

Nipun Sharma: No, I mean that is the expectation because I added the first 3 quarters. And then the fourth quarter, I mean, is that the expectation that it would be around INR745 crores, adding up to a total of INR1,800 crores for FY '26?

K. Srinivasan: We will do INR1,800 crores plus for the year.

Nipun Sharma: Okay. And the EBITDA margin will be stable at 18% to 20%, the guidance?

K. Srinivasan: Yes.

Ramesh Birajdar: Yes.

K. Srinivasan: We have actually given a number itself for PBT.

Nipun Sharma: Okay sir. Okay. Congratulations on good numbers.

K. Srinivasan: Thank you.

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

K. Srinivasan: Sahil?

Sahil: What you also discussed last. Yes. Am I audible?

K. Srinivasan: Yes. Please go ahead.

Sahil: Yes. So what we also discussed last quarter is that the delivery and the order finalization for Tezcatlipoca also was pretty slow. Correct me if I'm wrong, but what is the scenario around this now?

K. Srinivasan: The overall orders for the gas compressor division is steady. It has not improved from what it was in the last two, three quarters. This is a general flow of capital goods in the economy today. We are getting a significant part of the centrifugal orders that are being placed. So Tezcatlipoca is a product with a clear star, and we're winning a significant part of orders that people are finalizing.

Most large centrifugal users would already have installations from several large multinational companies. And for them to make a choice and shift to Tezcatlipoca is a big difference for them, and it's a good thing for us. We are winning orders, we are executing. But even when you execute and ship these orders, we find that the speed at which they are being put to use, what we call is commissioned and handed over, that is still taking time. That means the overall projects generally are running slow across the economy.

Sahil: Right, sir. Right. I get it. And secondly, sir, on Zephyros, I wanted to understand the profitability or the margins that we make. Would it be very much similarly.

K. Srinivasan: The value which we are seeing, wait for a couple of quarters. Zephyros is today not even commercially launched. So we will have to talk of it a little later when we have put some numbers and then we come with it. We have got our own targets in terms of where we want to engineer, where we want to launch it and the target expectation. Like I said, our overall expectation of a 20% EBIT margin will not change. We will have to find the path to get to that kind of a thing with a commercial product of a large volume. So there will be a path towards it.

Sahil: Right, right. And Tyche, what kind of ramp-up can we expect some time lines or some kind of traction, understanding.

K. Srinivasan: So, I will give the number. India imports about 2,000 semi-hermetic compressors largely from Europe. The Tyche is placed to take this market share, and it will take the share in about 3-year period because it makes no sense for people to import in Europe what would be available, which is probably the same or better performance in India. So it is a path that you will get there.

Generally, when you launch -- it's a capital goods. Any new product you launch, initially, there is a tentative conversion, then there is a committed conversion, then there is a current, just anything that you make will sell. So there is a 10%, which we say, then we talk in terms of how fast we can ramp up. We are still in the 10%.

Sahil: Got it. Thank you. Thank you and appreciate sir your term and your contribution to the company. All the all the very best, sir.

K. Srinivasan: Thank you.

Moderator: Thank you. The next question is from the line of Manish from Thinqwise Wealth Managers. Please go ahead.

Manish: Sir, a couple of questions. One, as you mentioned that there are no large packages ordered. So if you can just give us a revenue breakup like how is it for projects and products for the current quarter and for the first 9 months. And if possible, a comparable number, there's a broad percentage number would help. It was the first question, sir?

K. Srinivasan: Okay. So let me put it this way. Let me give you for the full year because 9 months would also again distort because you are going to ship two large packages in fourth quarter. This year, since we are executing orders of the last year, big packages are still there. Like I said, two big packages already ready to be shipped. So this year, we probably have about 40% -- 35% to 40% of package significant size and 50% of the lower equipment.

Manish: Okay.

K. Srinivasan: Next year, it will be flipped around the other way and a large part of it, maybe 65% or 70% would go towards equipment and general items, which are what we call as 12 to 16-week delivery items and only about 30%, 35% would be the packages. So that is a far more smootherquarter-on-quarter, you will find it's much more predictable, much more easy to judge this company.

Manish: Sure. Sure. And on order inflow pipeline, sir, how do we see going forward? And because Q4, we'll see a very -- fairly a good execution of INR750 crores to INR800 crores out of order book of INR1,900-odd crores and probably we're targeting a 20% growth next year. So which implies a very strong order inflow aspirate should be very strong in the very high in the quarter 4.So what should we expect the year-end order book to be? How should we see? And what will drive this order inflow in this particular quarter, sir?

K. Srinivasan: See, this is one of the most difficult period to predict anything. What we see as a trend is the big orders are not getting finalized. There is an uncertainty in the economy, there is centricity about anybody cancome up with a project, which is not going to change.So this is going to be there.

Three sectors, I will only give you statistics. Three sectors out of India have put -- spent most of their capex. Out of INR11.22 lakh crores that was put out as capex last year and also this year's numbers have been announced that it's going to be 11.54, 14% higher than last year. Three sectors have been taking the lion's share and they're spending all their money.

One is defence, second is railways and the third is national highways. They continue to be the three stars that are spending most of the money. Many of our packages are not going to be the large oil and gas or refrigerant packages go to the oil and gas sector or fertilizer. Those have not seen great order flow last year.

That is because they had INR1.56 lakh crores to be spent, and they spent very little of it. Now we see that some waking up is there, some orders are getting cleared in this space now. Similar or capital outlay will come up for this year as well.

Let's see how this goes. We have lived well even in a case where very little of the oil and gas sector has been spending money and we have lived through that year. We expect '26 to be definitely better than that. So we are quite confident with the order backlog we have and the kind of new orders that we're getting, we are quite confident that we will get this 20% plus.

Manish: Sure. And sir, how much would be, say, contribution say, from some of the new products which we have launched in recent past, and we are planning to launch? Like, will we see a meaningful contribution next year as we are targeting double-digit growth?

K. Srinivasan: Two things I would like to clarify. What we call as a new product is product launched in the last year. So every year, something will go in new product and become a established product. So generally, the new products contribution to sales is kept at about 15% and aspirationally 25%, because after that, it becomes an established product.

For example, for me, next year, Tezcatlipoca is no longer a new product. Khione is no longer a new product. So they all have been around for 3 years, then it has crossed the 10% mark, they become a regular product. So you should take it that there will be new launches, new products like Zephyros will be a new product. New product as a percentage of sales will remain in the band between 15% and aspirationally going towards 25%.

Manish: Sure, sir.

K. Srinivasan: This is an international standard that we follow. All companies, if you look at 3M or somewhere, they all define new products as products launched and in the last year. Targeted sales generally for them is 25. We are still beginners in this game. So we take it at 15 going towards 25.

Manish: Sure, sir. And one question on the margin, sir. So I just wanted to clarify. On the EBIT margins, you mentioned 20% or 25% for next year?

Ramesh Birajdar: It is 20.

Manish: 20?

Ramesh Birajdar: Yes, between 20.

Manish: Okay. Okay. And Mr. Srinivasan, I would like to thank you so much for taking the company to new heights and creating large growth opportunities for the company, sir. Really appreciate and wish you all the best, sir. Thank you so much.

K. Srinivasan: Thank you.

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

Sourabh: Just two questions. The first is, could you explain this what exactly this non-traditional order inflows are? Do we used to do similar business in the past? And second, will the margins and working capital, etc., would be similar to our compressor business or it would be different?

K. Srinivasan: Okay. It's an important question, so let me answer it. Why I'm not using the particular sector to which we supply is that we would not like to disclose the sector. We would like to still allow it to because let it repeat before we talk, okay. The product that we manufacture currently are a version of what we would have done before. It's not that it's a completely new product.

In the earlier days, it would have been an integration of parts that would have been procured from different vendors and put together for assembly testing. The current way that we manufacture gives us an advantage, and that's why we're seeing this kind of scale. Otherwise, you won't get this volume.

The current way we manufacture is we do almost everything entirely within the factory, which means we forge, we craft, we machine we do all the other work. There is a heat treatment, there are so many other things, owning, finishing, grinding blah, blah, everything and then we assemble, test the product and deliver.

So in this kind of a complete manufacturing capability is not available with too many people in India. That's the advantage which we have picked up a much significantly different volumes of products. Most of this would have been earlier coming from parts of the world which are not currently very easily available to everybody. So that has allowed us some advantage. So we are making this, in this form for the first time, but this product itself, we are very familiar with.

It's not something that we have never done before. And let us stabilize. See once these things come to a particular shape, it is better to discuss at that stage. I would say that the margins are not going to be any less than the compressor business. Because since we do most of the manufacture, the margin expectation will be in fact higher.

Sourabh: And working capital?

K. Srinivasan: Working capital in any orders of this nature tends to be higher than normal. But for us, since everything is in-house, the quantum of working capital is small, but it takes from cash to cash, it will be a longer cycle. It's almost like a package order. It takes about 8 months to have cash to cash.

Sourabh: Understood. And secondly, I think in this call, we did not talk about the, let's say, percentage growth of three segments. How much air grew, how much refrigeration and how much gas business grew first 9 months, that would be very helpful?

K. Srinivasan: Okay. So now here, I have to take a caveat, but this is a very fast-changing ratio. While the absolute growth numbers for me is relatively more predictable, the split between the four segments, the segments we're going to now talk about really air, refrigeration and air conditioning, which is now getting bolted on really and then the process gas, and now the fourth segment, which is really others, which include a lot of manufacturing driven business.

Now the split is definitely going to change going forward and it will change very rapidly. Once the PLI comes up, the refrigeration, air conditioning numbers will shoot up, the other business today is going to be something which will become a reportable segment from first quarter onwards. So I would suggest that the traditional number that you have been given will change rapidly, and we'll talk more about it after the first quarter.

Sourabh: In first 9 months, how they did, would it be possible to share?

K. Srinivasan: Yes. So the first full -- not first -- I'll give you the full year. I'll say for the full year, it will be that the top business will be the refrigeration, air conditioning business, passing about 40%; processed gas business between 30% to 35%. The air compressor business is about 20%. The rest is about 5%, 7%, 8%.

Sourabh: Okay. This is helpful. Maybe just very lastly, so this other segment, will it become structural play for us as will we get success because you said...

K. Srinivasan: Let us give you some .I would request all of you see, we are being as transparent as we can. I would suggest that you give us at least 1 or 2 quarters.

Sourabh: Okay.

K. Srinivasan: Like I said, things are changing the current state of economy and the speed. The only thing you must appreciate is the organization itself is today so imminently flexible with capabilities that we will not be surprised by any change in the market dynamics. So to that extent, we are being far more responsive rather than reactive. We can take things quickly to see that we continue to deliver numbers. But this change is so rapid that I would like to commit something longer term after 1 or 2 quarters. I hope you'll accept that.

Sourabh: Perfect. This is really helpful and really appreciate all the calls and all the insights you gave us over these calls and over all these years. Thank you very much. All the best, sir. Thank you.

K. Srinivasan: Thank you.

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

K. Srinivasan: Hello, Eshwar.

Moderator: Eshwar?

K. Srinivasan: Eshwar, are you there? Okay, take next one, please.

Moderator: Okay. The next question is from the line of Niraj from White Pine Investment Management. Please go ahead.

Niraj: Just one question on the new products, if you add new products in the last 4 years or so, what would the revenue contribution today for you?

K. Srinivasan: So, I would say roughly about 250 plus 300, somewhere in that range. So roughly about, if you say 300 on INR1,800 would be about 15%.

Ramesh Birajdar: 15%, 20%.

K. Srinivasan: Which is what I keep saying, saying that we are at about 15%. We would love to go take it to about 25%.

Niraj: No, sir. So is what you said for the products for 1-year period. But cumulatively for the last.

K. Srinivasan: New product. Yes, new product is what has developed and designed for the last 3 years.

Niraj: Okay, 3 years.

K. Srinivasan: 3 years. Always new product definition is products developed, launched, sold in the last 3 years, and it is continuously rotating.

Niraj: Got it. And even that does not include the launch of Zephyros, right, at all?

K. Srinivasan: No.

Ramesh Birajdar: No.

K. Srinivasan: Zephyros, only sold as of now, only a few numbers for our trial.

Niraj: And sir last question on the R&D spending? Is there a way to figure out how much R&D money you have spent over the last few years as a percentage of revenues?

K. Srinivasan: Okay. Now this is another tough question, and we just went through it at the Board. So I'll give you a little longer than what you would expect as an answer. See, what is recorded in annual reports, etc., as R&D spend generally is about 1% okay. And there is a reason behind it. I would rather than directly take it as a business spend and spend it because then I am able to absorb my full GST, I'm able to do the trial development and just launch it.

Today, there is no advantage to specifically categorize it as R&D. I don't get any additional depreciation. I don't get anything. So what I talk of as there is a reportable R&D spend, which most Indian companies will talk of 1%, and we can keep margin being low or high, but as a company, KPCL, I look at my design, development, new product, application and R&D combined as what I do towards what is traditionally seen as a research and development activity.

And I think that we are about 3% to 5%. We are not small. We have been filing at least 40 IPs a year. So, I think there is a significant investment. So I would urge people not to read only the reported annual report number, which is more coming out of a reporting requirement.

Niraj: Yes. Got it, sir. Got it. Actually, that's the reason I asked you because it's so much of R&D products, you should be spending a lot of money?

K. Srinivasan: And this is true. The large number of Indian companies. See, this is something which we argue now in several forums. Now, unless there is a real advantage of reporting it as an R&D

expense, people just expense it off as normal. Why should I take it? I'll take a development new product development. I'll just finish it.

Niraj: Understand, sir. Make sense. Got it, sir. Thank you.

K. Srinivasan: Thank you.

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

Kashyap Javeri: Yes, sir, sorry to circle back on this. In one of the questions, you mentioned that there were some packages where some of the private sector players could not pick up the deliveries because their own sites were not ready. And you mentioned also a number for about INR150 crores, is that correct? Did I hear that correctly?

K. Srinivasan: Yes, it's a little even more. It's about 180. Yes, go ahead.

Kashyap Javeri: So, I'm just trying to correlate this. If I look at your raw material purchases number for the quarter, and in fact, you also mentioned about the working capital at the end of the quarter, which, in fact, is lower than like you mentioned versus September quarter also. Ideally that number should have reflected there, right?

K. Srinivasan: See the packages when we talk of.

Kashyap Javeri: Yes.

K. Srinivasan: The two packages that are now ready, not dispatched, I think the work started last year in the third quarter. So material purchase, manufacture, like I said, project orders run anywhere between 8 months to 16 months. This year, this order has run the longest. I think it's run almost 16 months now.

So,you will never be ableto correlate a quarter's purchase of raw material to a quarter's inventory to a quarter's dispatch. So that's why, till we come to a stage where these long cycle items diminish and become a small part of our business, these numbers become almost, let's say, unreadable and understandable, except for the guys who are actually running the business.

Kashyap Javeri: Okay. And this ideally, I mean assuming that there is no untoward circumstances, this would get probably delivered this quarter?

K. Srinivasan: Yes, February.

Kashyap Javeri: Sure. Thank you so much. Yes, that's it for my side. I just needed this clarification.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference to the management for closing comments. Thank you, and over to you, sir.

K. Srinivasan: Yes. So, let me start by thanking each and every one of you. I have been with Kirloskar Pneumatic and talking to all of you for over 5 years now. I must thank each and every one of you for your interest, your kindness, your support, your advice, your enthusiasm and many times telling us the right way forward.

I enjoyed all the interactions. If ever, I have been either too quick in replying or wrong in my replies, my apologies. I really wish all of you well, do well in your life, do well in all your investments, make lots of money, be happy. Thank you for all the support you gave me all these years. My successor is a better person, a smarter person, and I'm sure he will get all your support and KPCL will continue to do well going forward. Thank you all once again.

Ramesh Birajdar: Thank you.

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.