



KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known As KRN Heat Exchanger And Refrigeration Pvt. Ltd.)

Registered & Work Office: Plot No.: F-46,47,48,49, EPIP, RIICO Industrial Area, Neemrana – 301705 (RJ)

CIN No.: L29309RJ2017PLC058905

Contact No. 9116629184

Date: 20th May, 2025

To,
BSE Ltd
Phiroze Jeejeebhoy Towers, Dalal
Street, Mumbai- 400001, Maharashtra,
India

To,
National Stock Exchange of India Limited
Exchange Plaza, C-I Block G, Bandra Kurla
Complex, Bandra (East), Mumbai-400051,
Maharashtra, India

Script Code: 544263

Script Symbol: KRN

Subject: Transcript of Investors/Analysts Call held on 15th May, 2025

Dear Sir/Madam,

With reference to our letter dated 11th May, 2025 in respect of Investors/Analysts Call, held on Thursday, the 15th May, 2025, please find enclosed herewith the Transcript of discussion held during the said Investors/ Analysts Call.

The aforesaid information shall also be disclosed on the website of the Company at www.krnheatexchanger.com.

Kindly take the above information on your record.

Thanking You,

For KRN Heat Exchanger and Refrigeration Limited
(formerly known as KRN Heat Exchanger and Refrigeration Pvt. Ltd.)

Santosh Kumar Yadav
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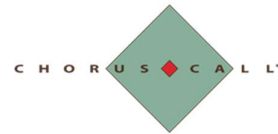


**“KRN Heat Exchanger and Refrigeration Limited
Earnings Conference Call”**

May 15, 2025



DOLAT CAPITAL



**MANAGEMENT: MR. SANTOSH KUMAR YADAV – CHAIRMAN AND
MANAGING DIRECTOR – KRN HEAT EXCHANGER AND
REFRIGERATION LIMITED
MR. SONU GUPTA – CHIEF FINANCIAL OFFICER –
KRN HEAT EXCHANGER AND REFRIGERATION
LIMITED
MR. JITENDRA SHARMA – COMPANY SECRETARY –
KRN HEAT EXCHANGER AND REFRIGERATION
LIMITED**

**MODERATOR: MR. YOGESH PATIL – DOLAT CAPITAL MARKETS
PRIVATE LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to the KRN Heat Exchanger and Refrigerator Ltd. Earnings Conference Call hosted by Dolat Capital Markets Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Yogesh Patil, Lead Analyst from Dolat Capital. Thank you and over to you, sir.

Yogesh Patil: I would like to extend a very warm welcome to all the participants for taking the time out to be on this call and management for taking the time out to present us the scenario of Q4 FY25 and full year FY25. We have with us Mr. Santosh Kumar Yadav, Chairman and Managing Director. Mr. Sonu Gupta, Chief Financial Officer and Mr. Jitendra Sharma, Company Secretary.

I want to hand over the call to management for initial remarks and then we will have questions and answers. Over to you, sir.

Sonu Gupta: Good evening, everybody. Myself Sonu Gupta. It's a pleasure to welcome you all to KRN Heat Exchanger and Refrigerator Ltd. Q4 and FY25 Earnings Conference Call. Thank you for taking the time to join us today. As we close out FY25, I can confidently say this year marks a defining chapter in our journey, driving by the strong execution, expanded capabilities and strategic breakthrough.

We are operating in a landscape marked by accelerating industrial electrification, growing demand for energy-efficient cooling solutions and a global supply chain shift. We've made significant progress on multiple strategic initiatives this year. Our HVAC business continues to see robust connection with capacity utilization, maintaining above 90%.

The refrigeration vertical is set to be the prototype market entry by May 2025, backed by the strong OEM and aftermarket interest. One of the biggest breakthrough this year has been our approval as a vendor by the Ministry of Indian Railways. Our wholly owned subsidiary, KRN HVAC Products Pvt. Ltd. has received official recognition from Ministry of Indian Railways for the supply of oil cooler radiators for converter transformer. We have already delivered a 10-unit prototype order to Banaras Locomotive Works, BLW.

We also incorporate Thermotech Research Laboratories Pvt. Ltd., a wholly owned subsidiary, focused on HVAC testing and training. This aligns with our strategies to push deeper into R&D.

Moderator: Please hold, ladies and gentlemen. The line for management has disconnected. We have the management reconnected in the call.

Sonu Gupta: Okay. So, I will make a quick financial. One of the biggest breakthrough this year has been our approval as a vendor by the Ministry of Indian Railways. Our wholly owned subsidiary, KRN HVAC Products Pvt. Ltd. has received official recognition from the Ministry of Indian Railways for the supply of oil cooler radiators for converter transformer.



We have already delivered a 10-unit prototype order to Banaras Locomotive Works, BLW. We also incorporate Thermotech Research Laboratories Pvt. Ltd., a wholly owned subsidiary, focused on HVAC&R testing and training. This aligns with our strategies to push deeper into R&D and testing lead innovation. Our capacity expansion through KRN HVAC Products Pvt. Ltd. is progressing well. With civil work nearly completion, we will start commercial production soon. We also successfully implemented, as per HANA Cloud version, our SAP ERP system on April 1st for our internal operation, which will help us improve operational efficiency, enhance internal visibility, and strengthen process control as we speak.

Now, a quick look at our financials. For Q4 FY25, on consolidated basis, we delivered a strong performance with revenue of INR135.83 crores, marking a robust year-on-year growth of 62.3%. EBITDA stood at INR18.89 crores, registering a 7.48% increase, while net profit rose to INR14.87 crores, reflecting a healthy growth of 23.44% compared to the same period last year.

For the full year FY25, our consolidated revenue reached INR441.71 crores, growing 40.79%. Year-on-year EBITDA came in at INR70.54 crores, up 20.63%, and net profit stood at INR52.88 crores, a growth of 34.25% over the previous year. On a standalone basis, Q4 revenue is INR132.16 crores, up 58.18% year-on-year EBITDA rose 13.07% to INR20.24 crores, and net profit increased by 10.98% to INR13.75 crores.

For the full year standalone, we recorded revenue of INR438.47 crores, reflecting a 39.82% growth. EBITDA was INR70.01 crores, up 20.50%, and net profit was INR50.17 crores, an increase of 25.79% year-on-year. Looking at the revenue mix, the domestic business contributed INR362.4 crores, accounting for approximately 84% of total revenue, with a growth of 49%.

Overseas revenue stood at INR67.5 crores, driven by strong performance in the EU and Canada. Our export grew nearly 49% year-on-year, and now contributes 16% of consolidated revenue, again led by the transaction in the EU and Canadian markets. We are aiming to increase this share to 30%-35% by FY26.

With product pricing 20%-25% lower than EU peers and faster development cycle enabled by our in-house labs, we are strongly positioned for global expansion. While we did face some margin pressure during the quarter, we remain confident in our long-term leverage, solar adoption, increased automation, backward integration, and a rising export share. These factors are expected to support sustainable margin expansion.

Our growth team stands in high standard as around 480 continue to be key pillars of our execution and innovation capability as we scale. Further, the Rajasthan RIPS, and our application RIPS incentive enhance profitability. Looking ahead with a strong sectoral demand, a growing order pipeline, R&D capabilities and new capabilities coming online, we are entering a very exciting phase of our journey.

In line with our long-term vision and commitment in the Make in India initiative, I am also pleased to share that our wholly-owned subsidiary KRN HVAC Products Pvt. Ltd. has received approval under the Government of India Products Linked Incentive PLI scheme for white goods. The approval comes with a sanctioned financial incentive of INR141.72 crores, which will play

a vital role in supporting our backward integration strategy, development and localised component ecosystem and accelerating our business.

In closing, I would like to thank our team, customers and shareholders for their trust and support. We remain committed to building a high-growth, innovation-led and global competitive company. With that, I now open the floor for Q&A. Thank you.

Moderator: Thank you very much. The first question is from the line of Nikhil Singhania, HNI Investor. Please go ahead.

Nikhil Singhania: Thanks for the opportunity, sir. Sir, just two small questions. Sir, first is related to today's filing about PLI scheme benefit of INR141.72 crores. Can you share some more details about it? And second question is related to the increase in material cost. How do you see it going forward?

Management: Good evening to all. I think that is good because today we received the PLI approvals around 11 o'clock today by mail. So, that same we updated it on both exchanges also. So, that actually is called product link incentive. So, whatever production we will make and we will sell, there is a top line percentage we will receive from government and like total they approved INR141 crores.

So, there is a criteria like what maybe turnover we will do and what we will sell and then they will give us the percentage of total sale. So, other like rules and regulations we will receive in next one or two days. So, once we will have all rules and regulations, then I will let you know. But now conclusion is like that, earlier policy they have like that 6%, then 5% and then 4%. So, we can get the incentive in next three years in terms of these percentage for top line.

Your second question about little pressure on EBITDA. So, actually last quarter we have three things. I think we calculated that our EBITDA is down around 1.7% if we compare to last. So, we received some seasonable sales like not regular sales. So, some you can say some increase the sales, we received some order with less margin. Secondly, we sold some raw material actually to our OEMs. So, last actually I have quarter some pressure or this maybe issue with the BIS.

So, some OEMs have material shortage. Somehow we have scope. So, they ask us to sell the material. So, we have to sell because they are our original customer also for our product. So, that is raw material we cannot get the same percentage of margin. So, we sell in less margin. And secondly, we have some more employee for training which will transfer to HVAC products. So, that is our employee cost increase around 1%. So, if I club in three reasons, then around 1.7%. So, that is the main reason for EBITDA pressure. Thank you, sir.

Moderator: Thank you very much. The next question is from the line of Reet Ranawat from Aventus Capital. Please go ahead.

Reet Ranawat: First of all, I have 2-3 questions. So, in one of the analyst calls, you mentioned about the refrigeration facility. So, could you please clarify that KRN has already developed a refrigeration facility or are there any plans to establish one? So, could you give some information about that?

Management: No, I actually mistyped that word. What about you? Maybe can you come again for that?



Reet Ranawat: No, you mentioned about the refrigeration facility in one of the analyst calls. So, what was it about?

Management: This is a laboratory, right?

Reet Ranawat: No, you mentioned about the refrigeration facility.

Management: So, for refrigeration, we are already in like, actually, I am unable to get your right question. But, however, for refrigeration, like we are making completely refrigeration machine, like for indoor units, we are already making for Daikin India. So, Daikin India, whatever selling for indoor, for refrigeration, this cold storage, we are already making. And for heat exchanger also, we are making for refrigeration industry. So, that is my answer.

Reet Ranawat: Sorry? You mentioned around INR450 crores of revenue from that facility. So, what was it about like?

Management: Okay, this is for refrigerator, not refrigeration. Now, I understood. So, actually, for refrigerator, we are making three products. So, one is called roll boundary operator, second is the fin tube and third is the wire on tube condenser. So, three products belong to component for refrigerator industry. So, that top line, what you said, we can achieve in next three years.

So, now, we receive all machines under installation and we receive some small order also from aftermarket. And for OEMs, since last three months, we are under discussion. So, we receive the RFQ with many OEMs also. Even Havells near to us, they will also make refrigerator. It is from our factory to, I think, our distance is around 11 kilometers. So, they will also start mass production from September.

So, we are discussing with Havells also. So, this facility, we will start soon, including our existing facility. So, that top line, what you said, we can achieve in next three years. But slowly, capacity will increase. We will receive revenue also and you can see the end result also, incoming results.

Reet Ranawat: So, this is under the new subsidiary, right? HVAC subsidiary?

Management: Yes, it is in new subsidiary.

Reet Ranawat: Okay. So, another question that I had was, so now our main end user industry is HVAC industry. So, with the theoretical capex, so can we see a factorial shift in the end user industry or like our focus will remain on the HVAC industry only?

Management: Sorry, actually your voice is not clear to me. Hello.

Reet Ranawat: So, right now our main end user industry is HVAC. So, coming with the theoretical capex, so do we see a factorial shift in the coming years or HVAC remains our focus?

Management: As of now, all products are related to HVAC are only like heating, ventilation, air conditioning and refrigeration only. However, we can like add a similar other complete product as well for, but industry will remain same as of now.



Reet Ranawat: Okay. And one last question is that, so how will the new R&D facility contribute to KRN revenue?

Management: Yes, that is a good question. So, actually this facility will be made like as a separate. So, there is a separate plot number, separate building and we invest in separately and even name is also not linked to KRN. So, its name is Thermotech Research Laboratory and we did MoU with AHRI also. So, AHRI is our agency from North America and is the maybe biggest agency for certification and these maybe quality standard for our industry. So, there is no laboratory as of now for -- like which is approved by AHRI.

So, this will be the first laboratory. They already we have MOU with AHRI and we will do as a third party, other testing also for complete the industry. They can come and they can test based on like international, Asian, American and of course Asian.

What we will do for our product? So, as of now we are making based on customer input or based on software, we can design the product and then we can offer to customers. So, then customer have to test by themselves only. So, then they have if sometime issue then they come again and then it is like taking that too much time.

So, now what we will do? We will do --we will based on their input, we will make the product and then we can test by ourselves for performance, for air flow and then pressure drop. So, we will have certification from our laboratory. Laboratory of course is the independent laboratory and third party based on international standard.

So, they can believe this product is -- they can use on their product directly without test. Secondly, what we will do? Like as of now all OEMs, they are busy with on their new development or new coming projects. But existing what they already approved, they are not doing want to change.

Because if I want to some offer some savings, because when maybe 10 years back to design what that small tube diameter is not there in the market. So, once they start maybe from half inch and now you can see we have almost 5 geometry belong to 5 inch tube diameter also. So, what we will do?

We will take their old model, we will test them with original condition and then we will propose with our product. And we will do all test and then once complete the testing and then we can come to -- maybe we will go to the customer. And then we can offer this is your product and you can save that money because of if you can change the heat exchanger.

So, that mainly European and USA they have very less resources in terms of R&D and less manpower. So, that is we are thinking we will convert faster our market for both European and for North America.

Reet Ranawat: Okay, so do you have a number in mind for that revenue share?

Management: Revenue will be remain same because revenue will come from HVAC only from facility. But customer will believe if you have laboratory and you can have testing facility. So, they can



believe on your product and they can value addition. So, they can offer us some like a slightly up margin as well.

Moderator: The next question is from line of Shivkumar Prajapati from Ambit Investment Advisors.

Shivkumar Prajapati: Sorry if I am repeating the question but my call got disconnected. The first question is on margins. So, I need some clarity that our pricing is like whatever the prices are going on for the last quarter. We average it and we price our product for the next quarter. So, what led to the fall in our margins for this quarter?

Management: So, for this quarter like our EBITDA maybe you can say down around 1.7%. So, there is the three reasons which I already told. However, I can repeat again. So, first we received some seasonable sales in the last quarter. So, the seasonable sales we received less margin. Secondly, we sold some RM only to our OEMs.

So, RM we have less margin compared to our existing product. And third one, our employee cost increased because we hired some employee in KRN Heat and they are going to trend in KRN Heat and then they will transfer to HVAC. So, that three impact is total is around 1.7%.

Shivkumar Prajapati: So, but if we see on Y-O-Y basis in Q4, FY24, our margins were above 21%. So, it's a big fall around 7%, 700 bps?

Management: No, that is not correct.

Sonu Gupta: 7% is EBITDA. 7.4% is a increase, not decreased.

Shivkumar Prajapati: No, no, sir. I am talking about the EBITDA margins and not absolute value. The EBITDA margins?

Sonu Gupta: No, I am talking also in terms of percentage. See that our EBITDA stood at INR18.89 crores. 17.48% as this was last year.

Shivkumar Prajapati: INR17.6 crores last year. Same period, yes. And the margins were around 21.4% for Q4, FY24, that is last year. And for this year, like the recent quarter, it is 14.4%. So, there is a gap of around 7 point something percentage. So, I am just trying to understand this huge gap?

Management: No, I think you are like maybe compared with that Q4, '24 to Q4, '25, right?

Shivkumar Prajapati: Right, right, right, right. Exactly.

Management: Okay, that I think compared, we don't have.

Shivkumar Prajapati: Okay, okay.

Management: If you want to give me maybe, okay, maybe we can separately we will reply because that data we don't have in front. Maybe I am discussing for Q3 to Q4 actually.



- Shivkumar Prajapati:** Okay, okay, sir. We will connect for this. And sir, my next question is on this UK FTA deal with India. So, is there any favorable thing for us? And also, please, can you throw some light on this tariff impact by the tariffs which have been imposed by the US and also the trade talks between China and US. So, will these things impact our business?
- Management:** So, UK, actually we have some customer, like a small customer already we have in our portfolio. However, one big customer we are going for discussion. So, of course, they will have some maybe advantage if they will take from us. But before that also, they are discussing with us on serious note. So, as of now, we don't see the big impact on us from UK. But however, backside they will have some benefit.
- Second question about USA tariff. So, actually USA earlier they are buying from maybe locally or from European or maybe from China. So, as of now, no customer wrote us on the tariff. And whatever we are discussing is continued. As of now, maybe they are thinking what will be the result on end. So, they also don't know and we also don't know.
- But however, as of now, we don't have any impact. Third question about China and US trade deal. So, as per our personal opinion, I think whatever percentage they will decide, I think it will be compared to India. I think it will be maybe more compared to India. So, I think we will have benefit. And even this scenario, other side also manufacturer from USA side.
- So, I feel at least they have one other supplier from other than China. So, China plus one policy is maybe North America of course in Europe. Because they don't know what will happen after four years because of this tariff issue.
- Shivkumar Prajapati:** So, it seems that Phase 2 is on track. And did we start with the sample production that we were about to start in May?
- Management:** So, this before next call, for sure we will start. Actually, we have to commission of the production. So, first we can cut like now machine is under installation, some machine under trial. So, maybe next two, three weeks we will be able to declare production date. So, we need actually two, three weeks to conclude the things. But for sure, before quarter, for sure we will start.
- Shivkumar Prajapati:** So, sir, will this impact our commercial production that we were about to start from H2 FY26? I mean, what is the expected date?
- Management:** From Q2, like you can see on the top line for sure. And slightly we will start from this quarter end or early next week, early next quarter.
- Shivkumar Prajapati:** Okay, sir. And sir, like our run rate is around two to three new client additions per quarter. So, did we have any new clients on our list for the quarter?
- Management:** Yes, sir. That run rate remains same as of now also.
- Shivkumar Prajapati:** Okay, sir. And would you like to share the volume growth for the full year or say for the quarter as well?



- Management:** Number I cannot share. But however, you can see like quarter-to-quarter, of course. And then honestly, this PLI if you had, so that is good news for us that we received today only. So, it will also help us.
- Shivkumar Prajapati:** And sir, this BHEL post securing that trial orders, what is the expected business size from them for the next two to three years?
- Management:** Actually, this BLW have, I think, total 3,000 orders. And if you roughly like four, so I think INR1,200 crores total in term of, but there is seven to eight players. So, it's a tender based business. So, who will be like L1 that have maybe more business. So, it will start maybe after six months because now we have to submit our two proto for trial purpose in the next couple of weeks. And then they will run on their loco on running actual conditions.
- It may be five to six months and then they will give us the approval for bulk tendering. Other than BLW, we are under discussing with other OEM also for same product. So, even we received some sample order also from other OEMs and we will like target to export also. So, there is a possibility from other OEMs some good numbers.
- Moderator:** The next question is from the line of Saloni Jain from Nirmal Bang PMS. Please go ahead.
- Saloni Jain:** So, I have a couple of questions. So, first is, since we are expected to begin commercial production from June this year, what kind of capacity utilization are we looking at in FY26 given the soft commitments we have from clients and the ruling order book? And what is the order size of tendering expected from Ministry of Railways?
- Management:** No, order like from this BLW as of now we received only 10 numbers like as a purchase order. But after that there is a tender around total 70 piece. So, I think 2 or 3 tenders. So, that also we like quote our price and we receive L1 confirmation. So, whatever they will convert in POS, we will have almost 70 piece as of now. But bulk tender will come maybe after June or July.
- But once we have approved for bulk tendering, then we can enter around for bulk tendering. So, it will take 2, 6 to 7 months like for BLW. But we can supply to other OEMs like local OEMs so that we can supply. And what was your first question? I missed actually.
- Saloni Jain:** It was on the capacity utilization.
- Management:** Capacity. So, capacity what we told like before also in other calls. So, this year we are targeting around 20% to 25% of utilization from new facility.
- Saloni Jain:** Okay. And so, could you give a break-up of revenue with respect to commercial, automotive and data center in FY24 and '25? And how do we expect this mix to shift in next 3 years?
- Management:** So, this automotive and data center. So, we not actually calculated based on industry. So, that data maybe I can provide maybe later. But the growth is there for sure. So, we already wrote down. So, these 2 data we will share. But data center of course growth is there almost 60% to 70% from OEMs, existing OEMs. So, it will continue.



- Saloni Jain:** Okay. So, can you tell me if we expect. So, right now majority of our revenue is coming from HVAC. So, that are we expecting that from commercial to data center there will be a shift?
- Management:** Data center also we called HVAC. Of course it is the same process. So, we not calculated based on that. But if you like maybe change the maybe industry size then of course they can convert. But we are considering HVAC and our only data center.
- Saloni Jain:** Okay. And so, based on the previous participant's question also, are we aggressively trying to target US market now after the tariff war that we have seen between US and China? And it is a common understanding that China will definitely have a higher tariff than India. So, are we aggressively targeting that market as well?
- Management:** Yes. Actually we like some of geometry we added for North America also. So, our position on the same. And even we did not receive any like feedback or reply from our customers or like future customers like if they have some issue with traffic because they are understood. It will happen maybe when they want to you can change. But like development and RFQ there is no change. So, still we are on the same condition.
- Saloni Jain:** All right. So, and if you allow me for the last question, are there any further plans of expansion that we are looking at in FY 26 and '27?
- Management:** So, this year...
- Saloni Jain:** Have you decided on the capex?
- Management:** No, no. As of now we have not decided. But first we will like conclude this our manufacturing start and then next quarter we will see and we will declare. As of now under discussion many things, but we cannot declare.
- Moderator:** The next question is from the line of Hiral Parekh from Dolat Capital.
- Hiral Parekh:** Sir, my question is regarding the oil cooler radiators that will be supplying to Indian Railways. Could you help us with the margins on the same? I understand from prior guidance that they are higher than the other orders that we have.
- Moderator:** Ladies and gentlemen, the line from the management has been disconnected. Please wait a moment till I connect them again. Ladies and gentlemen, we have the management back in the call with us. So, please go ahead. Hiral Parekh, you can repeat your question.
- Hiral Parekh:** Yes, sir. My question was regarding the oil cooler radiators that we are supplying to Indian Railways. What would be the margins for the same? I understand from prior guidance that they are higher than the other orders that we have?
- Management:** Yes. So, it's almost double compared to our existing product. But however, this is a tender business. So, sometimes it can be lesser because if you want to get the more order, then you have to reduce the price. But based on current price, it's almost double compared to our existing.
- Hiral Parekh:** And sir, in this year, how much of the order book do we expect to realize?



Management: So, for oil cooler?

Hiral Parekh: Yes, for oil cooler.

Management: As of now, we have firm order around INR50 lakhs and around INR1.5 crores, we have received L1 position. So, as of now, we supply clubs around INR2 crore as of now. But some new tender is in coming month also. In 1st of July also, one tender around 70 piece. And rest of Indian Railway, we are under discussion with other OEMs also.

So, as of now, we receive sample order only. So, once we will supply the sample, we will check, then they will open for new order. So, that is the current situation.

Moderator: The next question is from the line of Hardik Gandhi from HPMG Shares & Securities Private Limited.

Hardik Gandhi: Sir, just wanted to know a few basic things. First is what would be our existing or like overall margin for the year expected because given that there is a steep drop in the EBITDA margins and we are starting a production in Q2, there will be a lot of fixed costs coming our way for which we might not able to break even or something like that. So, just wanted to know on a year-on-year basis where we can expect our margins to land.

Sonu Gupta: There is a two favorable situation. One is the risk will start and the second one is the PLI will be received today, approval from the Government of India. So, this will be definitely adding our EBITDA margin and also that new facility will start in the second half and it will be a faster path. So, diluting our fixed expenses after coming this mass production of this undergoing new facility.

Hardik Gandhi: Yes. So, I just wanted to know what would be a good number like, just 14% would be a good stable margin which we can maintain or do you think it will dip more in the near future and then it will stabilize?

Moderator: The line for the management has been disconnected. Please hold. We have the management back with us.

Management: Sorry for this. I don't know what's happened. So, that question. So, now that if we talk about the standalone, so this our margin will remain same or slightly up if we compare to this last quarter. And about console, of course, this again three to like one or two quarters, there will be some more pressure because of initial cost will be high, like overhead and the production will be less. But from like quarter or third, we will be on the same condition as our standalone.

Hardik Gandhi: Understood. So, we can expect roughly 14% as a stable EBITDA margin?

Sonu Gupta: We are looking at the number...

Management: But now if you are considering like PLI itself, we can get like 5% so that we receive today only. So, that will be much more...



- Hardik Gandhi:** But isn't PLI a production linked thing for the new phase or is it for the existing phase and the new phase?
- Management:** It's for new only, for HVAC products, for new facility. So, we will have 5% now PLI and then 1.5% or 1.55% from RIPS. So, you can see 6.5% is there.
- Hardik Gandhi:** And how long will this go till unless and until we realize INR140 odd crores or something like that?
- Management:** This PLI for next 3 years and RIPS for the next 10 years.
- Hardik Gandhi:** 10 lakh units or 10 lakh?
- Management:** No, no, 10 years. Whatever like PLI is for next 3 years and the RIPS for next 10 years, for like after...
- Hardik Gandhi:** For next 10 years, any production we do, we get 1.5% from the -- understood.
- Management:** Yes, Yes.
- Hardik Gandhi:** That's it from my side. Thank you so much.
- Moderator:** Thank you very much. The next question is from the line of Shivkumar Prajapati from Ambit Investment Advisors. Please go ahead.
- Shivkumar Prajapati:** Yes, hi sir. Thanks for having my question again. So, the first question is we are supplying samples to our customers. So, could you please share what's the pipeline for our customers and what's the conversion ratio?
- Management:** No, like our industry is not like that. We are supplying sample and if they will reject then they stop the conversion. It's not like that. We like supplying sample, if they have some issue, then of course they will ask again. But still we will convert. So, ratio is like that. If we want to do business, so conversion will be 100%. But if you are not matching their price or maybe some delivery or technical, of course then you have to stop earlier also during feasibility study. So, if you are supplying sample, then sometime they will take like 6 months, some 3 months or some 1 year, but business will be there.
- Shivkumar Prajapati:** Okay. So, is it safe to assume that if we have started to supply sample, then 100% we will be supplying to them maybe after their approval cycle?
- Management:** Yes, but sometime like the sample may be different of geometry or the concomitant. Yes.
- Shivkumar Prajapati:** Okay, sir. So, next question is on the realization part. So, can you explain what is the realization difference per unit of our old products versus the new products?
- Management:** I didn't get your question actually.



- Shivkumar Prajapati:** So, what would be the selling price range, the old products that we are supplying earlier and also the new products that we are about to supply in the coming years?
- Management:** So, it will actually like different product to product actually. So, now in our heat exchanger, we are selling like single piece maybe INR500 and maximizing around INR15 lakhs. So, you can see the like range INR500 to INR15 lakhs and new product like our existing product of course will remain same and bar & plate also I think INR20,000 to INR5 lakh or INR6 lakhs and then this refrigeration is the part. So, it is one piece around INR500 to INR600 only because the commodity is this.
- Shivkumar Prajapati:** Okay, sir. And sir, we were also planning to set up some warehouses in Europe and India.
- Moderator:** Sir, sorry to interrupt. Ladies and gentlemen, please wait. The line for the management has been disconnected. Please wait till we reconnect them again. We have the management back with us. Sir, please go ahead.
- Management:** So, I think last question I already replied. So, maybe new question.
- Management:** Shivkumar Prajapati, last question was there.
- Shivkumar Prajapati:** Yes, sir. So, am I audible?
- Management:** Yes.
- Shivkumar Prajapati:** Yes, yes, yes. So, sir, we had plans to set up warehouses in Europe and US to cattle their markets. So, can you share some updates on the same?
- Management:** So, that's Europe. We are under rationally the first 3PL, like third party logistics and for USA we are looking, but still we are not concluding. So, first year we are going to like conclude a salesperson for US. So, we had already in 2, 4, 5 to 6 persons from North America and from India also. So, in next couple of weeks I think we will conclude for first salesperson and then we are out. So, by end of this year I think we complete both.
- Shivkumar Prajapati:** Okay. And sir, we supply to Schneider and we do around INR50 odd crores of business with them. I think these figures are outdated, I mean for the last year. So, for this year any number that you have, like what's the business size deal you did with Schneider for this year?
- Management:** So, Schneider like we are doing our share is around 92% to 95% of their total business. So, growth is there, but we not break out customer wise till now. So, once we will do then I will share.
- Shivkumar Prajapati:** Okay. And sir, we also got the approvals for their Europe market as well from Schneider. So, did we start to supply over there?
- Management:** Yes. So, last before 3 week their quality team and their quality expert they visited us and they audit us for I think 3 days continue and then they send the report, like as they approved. So, now pilot load is already complete. We will supply maybe next week. So, once pilot load they will use then they will open for mass production.



- Shivkumar Prajapati:** And sir, what's your guidance for this year, like what would be the exports revenue? Any ballpark numbers?
- Management:** So, this from existing facility it will remain same because we are almost on 100% of utilization and for new facility we will going to add new customer and increase capacity from existing customer we will serve, like we will supply from new facility. So, of course export will be -- growth will be there, but like in term of percentage, I cannot clear now. However, next call we can we can be clear.
- Shivkumar Prajapati:** And sir, this one last question. What's our expectations from this railway versus metro segment for the next 2 years?
- Management:** So, as of now we are supplying heat exchanger only. So, growth is there. But we are expecting maybe 10% to 15% growth on existing business not much, because there were not much percentage of our total business to that segment. But like some tender if they will got our existing customer, of course by automatically we will receive. So, as of now on same percentage of 10% to 15% we are supplying to them.
- Shivkumar Prajapati:** And sir, this is the last one. It is regarding liquid cooling. So, do our heat exchangers get used in this segment as well for this data center and all?
- Management:** So, liquid cooling direct there is no use, but backside there is use of heat exchanger as well. Yes.
- Shivkumar Prajapati:** Okay, sir. Thank you so much, sir. Best of luck.
- Management:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Heta from Monarch AIF. Please go ahead.
- Heta:** Yes. Hi, sir. So, I just have two quick questions. Firstly, with respect to your revenues from the US market, I believe your 9 month FY '25 presentation stated that the US revenues are around INR6 crores, whereas when we see the full year FY '25 presentation, it says the revenue is less than INR1 crores. Could you help me understand the same?
- Management:** No, I am unable to understand. Can you repeat again your question?
- Heta:** Yes. So, when I see the geographical revenue split, so for 9 months FY '25, the revenue from the US is stated as INR6 crores, whereas when I see for the entire year FY '25, the revenue is stated as less than INR1 crore.
- Management:** So, maybe there is some correction need, I think to check. But we added one customer from, like Canada as well. So, we received some good business. However, this data, I think need to check. I am not sure.
- Heta:** Okay. So, it's there in your audited financials as well in the geographical split.
- Management:** So, we have to check and then come back to you again. Okay.



Heta: Sure. Sure. And, so second thing, could you help me understand how the networking capital will flow in FY '26?

Management: Sorry?

Heta: The networking capital, the number of days.

Management: So, that's -- your first question. I think there is some, because we have American, like first is our 865, like INR8.65 crores is from American and then USA they return INR85 lakh, right?

Heta: Yes.

Management: So, actually USA also consider. So, actually they consider that maybe one customer as per their invoice maybe that another one. So, that both maybe need to club or that is the confusion only, you got. I think you replied, right?

Heta: Okay. Sure.

Management: And your next question?

Heta: The next question is how would the networking capital cycle be for FY '26?

Management: So, this actually now some manufacturer already started, but still we are unable to take from them because of quality or maybe their prices or their delivery. So, still we are importing and our government like BIS also implemented in last quarter. So, there is difficulty. So, that is why we are able to increase our inventory. So, I think in next 6 months, once their manufacturer is able to supply from locally, then it will change. Otherwise, coming next 6 months, it will remain same.

Heta: So, the number of days would be around 115 to 120 days?

Management: Yes, it is around like that. As of now, its around 100 plus.

Heta: Okay. All right. Thank you so much.

Moderator: Thank you very much. The next question is from the line of Soumya from Insightful Investments. Please go ahead.

Soumya: Hi, sir. Thank you for the opportunity. I just had to recheck something. So, you spoke about PLI benefits and you said that for 3 years, it will be 6%, 5% and 4%, am I right?

Sonu Gupta: Yes.

Soumya: And then after that you said for the next 10 years, it will be 1.5%. Is that so?

Management: Yes, it is precisely 1.56%. Okay.

Soumya: Okay, okay. Sir, sorry and also another, I just missed your point on the BMW product that you are currently sort of supplying to them. So, could you please just repeat that?



Management: BLW, right?

Soumya: Yes.

Management: So, BLW and CL, like BLW, there is like many other manufacturers also, they use oil cooler. So, that our product is used mainly in electric loco. So, that is a tender-based business and we receive tender and then we have to apply and then reverse auction is there. So, 7 to 8 like vendors are also there. So, whatever business, like as of now, they are asking like in a year around 3000 piece. So, whatever we can get, we can supply.

Other than BLW, we can able to supply to other OEMs, like off-road vehicles and heavy equipments or for lift trucks and compressors. So, there is also multiple customers. So, we are under discussion with them. So, all things belong to this bar and plate heat exchanger.

Soumya: Okay. All right. Thank you, sir.

Moderator: Thank you very much. The next question is from the line of Reet Ranawat from Aventus Capital. Please go ahead.

Reet Ranawat: Yes. So, I had again a specific question. So, are we looking for the fund raise for the remaining INR650 crores of MoU from the RITA? Is that right?

Management: So, as of now, we have not decided. However, we have some other thing also under discussion but not materialized, like to expand the business in some other geographical or some new business going to add. But this we will decide in next couple of weeks and then we will be able to answer that question.

Reet Ranawat: Okay. All right. Thank you.

Moderator: Thank you very much. This is the last question. I now hand the conference over to management for closing comments.

Management: So, thanks to all for attending this call and I think this compared to last call to this call. So, we have three things to -- I want to mention again. So, one is the SAP because SAP is one of the best software for the world to control our things, like in term of inventory production, of course, and the transparency in the system.

Second, we got the approval from BLW. And third one, we received the PLI approval today only. And of course, not last but least, like TRL, we are also going for investing in R&D to like expand our product worldwide and to like give the right quality and in right price. So, thank you.

Moderator: Thank you very much. On behalf of Dolat Capital Markets Private Limited., that concludes this conference. Thank you for joining us and you may now disconnect your lines.