"KRN Heat Exchanger and Refrigeration Limited
Q1 FY27 Results Conference Call"
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MODERATOR: **MS. HIRAL PAREKH – DOLAT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to KRN Heat Exchanger and Refrigeration Q1 FY '27 Earnings Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 the conference over to Ms. Hiral Parekh from Dolat Capital Market. Thank you, and over to you, ma'am.

Hiral Parekh: Thank you, Sumit. Good afternoon, ladies and gentlemen. On behalf of Dolat Capital, I'm pleased to invite all of you to the Q1 FY '27 Earnings Conference Call with the management of KRN Heat Exchanger and Refrigeration Limited.

The management is represented by Mr. Santosh Kumar Yadav, the Chairman and MD; Mr. Pawan Nawal, the CFO, and Ms. Komal; the Whole-Time Director of KRN HVAC Private Limited. With that, I will hand over the call to Komal ma'am for the opening remarks. Over to you, Komal.

Komal Yadav: Thank you. Good afternoon, everybody, and thank you for joining us. It is a pleasure to begin the new financial year on a strong note.

Q1 FY '27 has been encouraging for us, not only from the perspective of business growth, but also in terms of how the company is progressing towards building a broader and more integrated business. The quarter reflects continued demand across our core markets, improving traction across our expanding product portfolio, and increasing acceptance of KRN's capabilities across international markets.

We have always believed that sustainable growth comes from building the right capabilities ahead of the opportunity. Over the past few years, KRN has therefore been focused on expanding its manufacturing base, widening its product portfolio, strengthening backward integration, and gradually moving beyond its traditional product categories.

Today, the company has a much broader offering, spanning from fin and tube, bar and plate, refrigeration components, complete HVAC systems, bus AC, and applications across areas such as data centers, railways, industrial cooling, refrigeration and mobility. This gives us a stronger base from which to participate in a wider range of opportunities within the thermal management ecosystem.

Coming to the financial performance, Q1 FY '27 delivered healthy growth across both standalone and consolidated operations. On a standalone basis, revenue from operations increased 59.07% year-on-year to INR181.97 crore, while EBITDA grew 24.67% to INR24.67 crore, and net profit increased 19.02% to INR18.67 crore.

On a consolidated basis, revenue from operations grew 118.87% to INR252.32 crores. EBITDA increased 178.85% to INR49.06 crores, and net profit rose 164.84% to INR32.90 crores.

Importantly, consolidated EBITDA margin improved to 19.44% from 15.26%, while net profit margin increased to 13.04% from 10.77%, reflecting the stronger contribution from the broader consolidated business.

One of the encouraging aspects of the quarter has been the continued expansion of our international business. Exports grew strongly during the quarter, with overseas revenue increasing 177% year-on-year and KRN's products reaching customers across 14 countries. We see this as an important development because international markets provide an opportunity to take our manufacturing capabilities and product expertise to a much wider customer base.

Our presence across North America, Europe and the UAE continues to develop, and we remain focused on building these markets steadily through customer relationships, product acceptance, and execution capabilities.

At the same time, the domestic opportunities remain important. India is seeing continued investment across areas that require efficient thermal management, including HVAC, refrigeration, data centers, infrastructure, mobility, and industrial applications. For KRN, the opportunity is not limited to any single segment. The expansion of our product portfolio allows us to address multiple applications and gradually participate in larger and more integrated requirements.

Our move into newer areas, such as bus AC and complete HVAC solutions, is a part of this broader evolution. Similarly, our expanding capabilities in bar and plate, refrigeration components, and other specialized products allow us to address opportunities beyond our established fin and tube business. This objective is to build a more diversified and capable business over time, while remaining disciplined about execution and quality. KRN's journey in recent years reflects this progression from a focused heat exchanger manufacturer towards a broader HVAC&R solutions business.

We also remain focused on making the most of the manufacturing infrastructure and capabilities that have been built over the past few years. Capacity expansion is an important part of our growth journey, but equally important is the ability to utilize that capacity effectively, improve product breadth, and strengthen our ability to serve customers across geographies and applications. Our investments in manufacturing, localization and backward integration are intended to create a stronger operating base as the business scales.

Looking ahead, we see a healthy set of opportunities across both domestic and international markets. The combination of a wider product portfolio, expanding export footprint, manufacturing capabilities, and exposure to multiple end-use industries gives us a broader base for future growth. At the same time, we remain conscious that opportunities need to be converted through consistent execution, customer relationships, and operational discipline.

As we enter FY '27, our focus therefore remains clear continue strengthening the core business, scale the newer opportunities, deepen our international presence, and build capabilities that can support KRN's next phase of growth. We believe the company is entering this phase with a stronger foundation, a broader business, and increasing market opportunities. While we remain focused on delivering quarter-by-quarter, our larger objective is to build KRN into a more diversified, scalable and globally relevant player in the HVAC&R ecosystem.

With that, I would like to thank our customers, employees, business partners, and all our investors for their continued confidence and support. We look forward to sharing our progress with you as the year unfolds. With that, we would be happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit from Shubh Labh Research. Please go ahead.

Mohit: Hi, sir. Hope I am audible.

Moderator: Hello, Mohit. Please go ahead.

Mohit: I am audible.

Moderator: Hello, Mohit. Your voice is not audible. Please go ahead.

Mohit: Hello? Hi. Hope I am audible. Hello? Hello?

Moderator: The next question is from the line of Hiral Parekh from Dolat Capital. Please go ahead.

Hiral Parekh: Hi, sir. Thank you for taking my question. So, sir, exports have increased 88% Q-o-Q, and I can see that this growth is coming from some pockets in Europe and also in the revenue pie, it has jumped up from 16% to 21%. So, can you provide some color on what segments we are getting this revenue from?

Management: Yeah, thank you, Hiral. So, basically, this quarter, main order we received from North America, of course Europe, and slightly if you see compared to last year, decline from UAE actually because of war. So, North American and Europe, we have two or three new customers, mainly from data center. So, you can see main revenue this quarter we received export side including data center and as well as our old customer.

Hiral Parekh: Got that, sir. And are any of these revenues one-off in nature?

Management: Sorry?

Hiral Parekh: Are any of these revenues one-off in nature?

Management: No, actually this some repeat order and some is single order, so both way.

Hiral Parekh: Okay. Okay, got it. And sir, the employee costs are quite elevated in this quarter. So, what exactly is the reason for that? Have we hired new people in the subsidiary?

Management: Yeah, so as of now, all -- like department have new maybe employee because earlier we have maybe less because of office and of course business scale like that. So, especially bus air conditioning and other business and as well heat exchanger, now we have complete team. So, I think now total strength we have 1,500 plus and earlier it was much less. So, of course, cost is increased, but that we have to be built because of to next phase of growth.

Hiral Parekh: All right. Got that. Got that, sir. I'll come back in the queue.

Management: Yeah, thank you.

Hiral Parekh: Thank you.

Moderator: Thank you. The next question is from the line of Prateek Giri from Shubh Labh Research. Please go ahead.

Prateek Giri: Hi, Yadav ji. Greetings. , Yadav ji so, my first question is on -- so a lot of heating and cooling demand is primarily driven by data centers and the kind of size of these data centers we are reading up about is huge. I just wanted to get your understanding on the alternatives development for heating and cooling solutions in data center. I just wanted to understand, is there a process which can be developed where heating and cooling can be done without the heat exchanger itself? So, this question is more on the threat of substitution for our products. That's my question number one, Yadav ji please.

Management: Hmm. So, should I answer this or you asking another?

Prateek Giri: Yes, yes.

Management: So, actually as of now, there is no technology or alternate things which can replace the heat exchanger as of now, at least we don't know. But there is another technology called liquid cooling. So, liquid cooling, they are using another type of heat exchanger that is called plate and plate heat exchanger, PPHE.

But still the same technology they use our product as well because now technology is quite change in term of heat generation actually. Earlier the same rack I think they may be -- if just compare maybe 5 kilowatt, but now same rack is the like reaction the heat maybe 100 kilowatt. So, it means data they are cooling by liquid, but same room or complete other atmosphere they are using our product fin and tube.

So, still that same product we are serving to our domestic and as well as North America. Even we started recently our export for same product to North America. So, North America you can say in term of technology, they are like compared to India maybe they are better in term of five or maybe six year, but still they are using on the same product. So, you can say answer is that this technology will not change till now, there is no technology they can use without heat exchanger, but still heat exchanger type can be change in liquid cooling, but fin tube also will be there.

Prateek Giri: Understood. This is helpful. So, Mr. Yadav, you're saying that probably the mode of heat transfer may vary, it may be directly to the heat exchanger or via some liquid cooling or via some other solution, but ultimately the importance of heat exchanger won't go away because that is the core part which basically dissipates or collects heat from the environment.

Management: Yeah, its name also it's a heat exchanger, so it must be -- you have to be -- if you want to heat exchange then you have to use heat exchanger.

Prateek Giri: No, certainly, Mr. Yadav. Got it. Got it. Yadav ji, my second question is on our export revenue this quarter. So, I am seeing that this quarter, our export revenue has gone up significantly sequentially and year-on-year both ways. So, should we take this as a base case in exports from here on? Can it grow materially from this this number also or is it going to be in the similar range for at least next few quarters? Directionally if you can help us.

Management: Yeah, same I think I answer in last quarter of the question also. So, last year we achieve around INR100 crores of export and this year, we are planning to achieve around INR200 crore, so almost double. So, quarter one we achieve around INR50 crores plus and despite if you see like UAE decline because of war, but then also we achieve around INR50 crores plus. So, we are on in line to achieve around INR200 crores.

And our new facility mainly we like designed based on export also. So, we also that we claim in earlier call this facility fin and tube business, we are like planning to achieve at least 50% from export side. As of now total business we are on 20%, but if you only like separate fin and tube, then we are planning to achieve in next two, three year around 50%.

Prateek Giri: Got it. Very interesting. Last question before I join the queue back, Yadav-ji. So, I just wanted to understand if I try to break up the revenue of INR250 crores, probably our old facility was anyways able to do INR160 crores, INR170 crores of revenue. So, I am assuming and even also suggest that the new facility has done around INR60 crores, INR70 crores of revenue. So, is it fair to assume that in the coming quarters, this number will go up materially because we are very confident about our order book and INR70 crores probably on that big facility is still very small?

Management: So, I have exact number. I think last quarter, heat, we like achieve around INR140 crores and HVAC, this new facility, we achieve around INR115 crores plus. So, the consolidated basis total INR250 plus. And of course quarter-on-quarter growth will be there that we already claim. So, of course order in hand and the growth will be there quarter-on-quarter.

Prateek Giri: Understood. I have few more questions, I'll join the queue back. Thanks a lot.

Management: Yeah, thank you.

Moderator: Thank you. The next question is from the line of Drumil Seta from Dolat Capital. Please go ahead.

Drumil Seta: Hello. Thank you for taking my question and congratulations on the wonderful quarter. So, my first question is around the PLI and RIPS benefit. Can you shed some light on that? Any updates regarding PLI and RIPS?

Management: Yes. So, PLI actually the eligibility criteria is that once we will achieve this year INR400 crores from fin and tube, then we can apply. So, we are assuming by end of quarter third or maybe early fourth quarter it will be achieve, so during that time we will apply. So, once we will apply then they will approve, then we can claim in balance sheet. So, still we not claim.

About RIPS, of course our eligibility criteria fix, we have entitlement certificate. So, I think we receive around end of June. So, this quarter we will discuss with our auditor as a provisional base he will consider or not. So, by end of this quarter we will let you know.

Drumil Seta: Okay, thank you so much. That was very helpful. And I had one more question revolving around the data center orders from the export side. So, we see that the export to Europe and North America has increased, that is evident from the numbers. But can you shed some light about exclusively data center orders from export? And also as the war has calmed down, do you see the revenue from UAE countries increasing?

Management: So, this export I think I don't have division in term of data center and other, that may be -- let you know later. And about UAE, still we are seeing war is continue because actually freight cost increasing from UAE. Earlier it was around USD1,500, but now it's around USD6,000 per container. So, that's why maybe we are not cost competitive compared to other manufacturer. So, we are assuming once war will settle down then business will increase from UAE. As of now you can say it's still on slow pace.

Drumil Seta: Okay. Thank you so much. I have a few more questions, I'll join back the queue. Thank you.

Moderator: Thank you so much. The next question is from the line of Mohit from Shubhlabh Research. Please go ahead.

Mohit: Hi, sir. Hope I am audible now.

Management: Yes, yes.

Mohit: Yeah, sir. Hi. Good afternoon. Sir, my first question is given the ongoing geopolitical situation and the logistics cost increasing like you mentioned earlier, did we see any deferment of revenue recognition or shipments during this quarter which will move on to the next quarter due to the war situation?

Management: No, our revenue from Europe and North America there will be no change. So, we have clear forecast and clear order, so we are achieving month-on-month basis. But of course UAE still challenge is there because UAE difference is quite much. Earlier it was around US$1,500 and now it's up to US$6,000 something like that. So, UAE still down this quarter we assume, but North America and Europe will be continue.

Mohit: Okay, sir. Sorry to press again, but I was asking like the UAE revenue, if we have to book in this quarter, we have deferred it to next quarter. Is there any amount which hasn't been shipped yet to UAE?

Management: That actually data I don't have. We have some PO, but what is the amount I don't have actually data. But it's not like that we deferred for this quarter actually because they once they need so they may be they can buy from alternate supplier from other vendor nearby them, so it can be change because now after war the situation is change. So, we not calculated like that they defer then we will ship later on because if customer need this month then we have to ship this month only. But then term we have to negotiate with them as a freight cost.

So, last quarter they ask us to ship some container and they offered us some additional freights and then we shipped. But now container number of container actually change. So, this way actually it's work.

Mohit: Okay, sir. Got it. Got it. And sir, my next question is if you could please give us some color on the revenue contribution from bus segment during the quarter? And also did we add any new OEM or major customers in this quarter if you can give some details around them?

Management: So, OEM is bus AC or other segment as well?

Mohit: No, sir. For bus AC as well as other segment, both.

Management: So, bus AC customer-wise I don't have detail actually detail, but total 29 new customer we build in last quarter, but of course mainly from bus AC only because bus AC bodybuilder is also there. So, OEM and including new bodybuilder, so our account build to like registered in SAP 29 new customer including export, domestic, and bus AC as well. And bus AC still our run rate is around INR5 crores to INR6 crores per month.

And we are on track we will achieve around 15% market share because we have did one MOU with one big customer, but that supply will start from next month and then quantity is quite big. So, maybe third quarter have main third and fourth quarter we will have main revenue from bus AC.

Mohit: Okay, sir. Got it. Got it. And sir, sorry if this question has been asked earlier, I just want to confirm since we have seen a strong growth in North America business this quarter, so could we assume the same quarterly run rate going ahead?

Management: I think so, it will same.

Mohit: Okay, sir. Thank you. Thank you so much. These were my questions.

Moderator: Thank you. The next question is from the line of Mohammad Namir from Aequo Quantum Solutions. Please go ahead.

Mohammad Namir: Hi. Thank you for the opportunity. So, earlier guided for 80% utilization by FY28, which translates to INR2,000 crores in revenue. Is this guidance still intact or do you think you can achieve more revenue?

Management: Still same.

Mohammad Namir: Okay, got it. My second question is in the recent interview you mentioned plans for further capacity expansion in Bangalore. By when will this new capacity start operating and what is its potential revenue contribution?

Management: Yes. So, actually Bangalore we have to do because of nearby customer only. So, around INR100 crores business we are like servicing from here only as of now. But because of these especially some monsoon time like road condition, sometime transportation damage, so customer is revenue is increasing or their demand is increasing, so they are asking to nearby. So, we have almost five to six customer in South India.

So, that's why we are planning to build one new facility in Bangalore near to Bangalore only. And we already applied single window, so we assume in next four to six week we will have land and then we immediately we can start the construction. So, as of now we are planning in next one year operation can start from Bangalore facility.

But this same business we will transfer there, so maybe first year there will be no impact on our guideline, but once this capacity will full then additional revenue we can receive from Bangalore facility.

Mohammad Namir: So, you are saying that additional revenue will start after FY29 because you are shifting revenue from current business to there, right?

Management: Yes, yes, yes.

Mohammad Namir: So, this will be a major expansion or just a normal steady state 10% to 15% expansion in Bangalore?

Management: No, it's 10% to 15% only, not major.

Mohammad Namir: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Prateek Giri from Shubhlabh Research. Please go ahead.

Prateek Giri: Hi, thank you for the opportunity again. Yadav ji, my second my third question is on, the kind of demand environment we are seeing in HVAC. I just wanted to get your opinion on the dialogue you have been you might be receiving from our OEM customers. Because what happens is in this probably super cycle era, a lot of OEMs are deliberately searching for newer vendors and newer sourcing geographies.

So, just wanted to understand from our leading HVAC OEMs, are you seeing increased competition in vendor registration with these OEMs and, participation from more players, unorganized or smaller players who are coming now to the forefront?

Management: No, new HVAC I think as my personal opinion in India of course all player I think are there. Of course maybe some new player also can come, but in a heat exchanger segment as of now I think we are the largest other than OEM. So, many OEM especially room air conditioning they make their own in-house or some dedicated vendor. But in industrial or commercial HVAC system vendor or maybe OEM they need complete infrastructure including multiple geography or then like complete infra to make the big coils.

So, that segment I think we are quite strong because we have now complete infra, multiple Geography including backward integration, sheet metal and manifold. So, such ecosystem as of now I think we have only to serve to customer. So, if they need some batch quantity or small quantity to start up their production or assembly, so of course they come to us and we supply to them. Like that only.

Prateek Giri: Got it. So, so you are not sensing any increased competitive intensity in the sector.

Management: As of now you can say no because demand is increasing, because data center you can see is multi-fold and other. So, small customer because now inventory and then working capital is quite challenging for this business, like, because of copper and aluminum price. So, to survive small vendor is not possible in this market. So, and that is the advantage for us as of now.

Prateek Giri: Got it. Got it. No, Yadavji, in fact I, you know, I would ideally congratulate you on the kind of performance we have delivered this quarter because this quarter was not an usual quarter, it was full of challenges and yet we have maintained our margins, you know, shown top-line growth. So, I think kudos to your team, Yadav ji.

Management: No, no, thank -- actually really this is the our business beauty, like, we don't have seasonability and we don't have much impact because we if UAE down then we increase to our North America. So, that is the portfolio because our business is quite diversification -- in term of Geography, in term of geography, in term of application. So, if such business down then we can maybe increase in other business as well. So that is the good things with us in because of our like product application or diversification or maybe multiple Geography, these are unique for us.

Prateek Giri: Got it. Got it. Yadavji, my fourth question is on railways opportunity. So, I understand RDSO takes a lot of time before they give you, you know, a bulky order. So, what has been the status there? Probably one of our heat exchanger was in trial with railways. So, if you can throw some light on what's the current situation.

Management: So, now this last I think two week before there was one tender from CLW and we participate on the same and we, like, have turbulation like L1. But this numbers is still they not nominated, maybe in next one week or two week they will nominate it. Other tender whatever come, of course, we will participate and if the L1 then of course we will receive the business. This is about oil cooler, but other than this also we started development for complete HVAC system for Indian Railway.

So, we already hired the team. I think now is five to six people in that team and we are participating in coming tender for cab AC and complete HVAC system for Indian Railway. And our planning to develop these product in within one year. So, next financial year we will have some revenue from complete HVAC system from railway. And for oil cooler, of course we will have some good numbers in within this financial year.

Prateek Giri: Very interesting. Just one clarification, you said we are already L1 in CLW's recent tender.

Management: Yes. But they not nominated the numbers.

Prateek Giri: And what is the amount?

Management: So total actually tender I think around INR70 crore, but we are eligible to maximum can get 20%. So, I think it's should be around INR8 crores for us. But what number they will give, it's maybe in next one week or two week it will clear.

Prateek Giri: Got it. And this tender is only for locomotives, these are not for the passenger coaches, right?

Management: No, no, it's for only loco. Yes.

Prateek Giri: Okay. Now, if we try to extend this same product line to passenger coaches, Yadavji, then what can be usual annual market size for that product? And will we be supplying directly to the railways or?

Management: I think oil cooler we have already multiple customer on board and we are already started supplying. So, this financial year we are planning to achieve around INR40 crores from this oil and cooler and then it will be maybe a multi-fold in coming year. So, we have I think many customer on board, but of course by development time and mass production will take time. So, this oil cooler, I think, business are also on track, as of now.

Prateek Giri: So, I'm sorry to extend this point, Yadavji, just last point. If this oil cooler when you're saying, this is the passenger coach AC system or what it is? It is different from that?

Management: This is actually oil cooler means like in loco they use as a transformer oil cooling. So, it can't be used in -- but every engine can be used. So, it's oil cooler means off-road vehicles, heavy earth movers, compressor where I think hydraulic you will oil use, so just you want to cool the oil, so that's they use as an oil cooler. Many applications, like industrial application. Yeah, like transformer and then of course forklift trucks, JCB, these applications.

Prateek Giri: No, very clear. And sorry, I'm again pressing on this. So, this was for the locomotive. Now, if I try to understand from passenger coaches, basically the coaches of Rajdhani's and the Shatabdi's, so there also this product -- this HVAC system can go, Yadavji, which we are making? I mean the other product, not this for the loco, the other which we are making in our factory.

Management: Yes, this oil cooler only use in loco, not in bogie. But bogie this HVAC system will use. So, that cabin AC and then bogie AC we are developing. So, that will be come in business next year.

Prateek Giri: Okay, that is FY '28 plan.

Management: Yes, yes, yes.

Prateek Giri: Got it. Very helpful. I'm joining the queue back. Thanks a lot.

Management: Yeah, thank you.

Moderator: Thank you. The next question is from the line of Utkarsh Somaiya from Eiko Quantum. Please go ahead.

Utkarsh Somaiya: Thank you for the opportunity. After you utilize your full capacity and get a revenue of approximately INR2,000 crores in FY '28, do you have any further capex or expansion plans? Barring the 15% which you spoke about, other than that any other major capex plan?

Management: So, this we have like two plots in this one Bangalore in one nearby. So, for bus air conditioning and this railway also we are planning one capex nearby, so already we bought the land. This is only two as of now.

Utkarsh Somaiya: So, can you tell me the quantum of the capex, both of them?

Management: So, this both like complete from now I think within one year around including land, building, and machine should be around INR100 crore.

Utkarsh Somaiya: And revenue potential will be how much of the INR100 crores capex?

Management: So, revenue as of now these all things we are making in KRN HVAC, so till now capacity utilization there will be no top-line will change, but once this capacity will fill then it will add on both facility for bus air conditioning separately and then heat exchanger separately from Bangalore and then nearby place.

Utkarsh Somaiya: So, how much will that be on INR100 crores capex, what revenue can it generate?

Management: That I think I don't have in hand, so maybe I will let you know maybe once we will finalize.

Utkarsh Somaiya: But nothing major planned other than this.

Management: No.

Utkarsh Somaiya: Okay. And when you reach INR2,000 crores next year, you will have the benefit of your PLI scheme plus the other scheme we spoke about and there will be a lot of operating leverage. So, how do we see your margins? You're already at 19%, so when you scale more than almost 3x from here, how much margin can you do on EBITDA?

Management: So, EBITDA maybe from here of course incentive because is the PLI for short time, but RIPS will be continue for at least 10 year from now.

Utkarsh Somaiya: Okay.

Management: But it should be around 20-plus EBITDA will be there.

Utkarsh Somaiya: 21 is fair to assume?

Management: 20-plus, 20-plus you can say.

Utkarsh Somaiya: It can be 22 to 23 also.

Management: It can be sometime, but not I can maybe say. So, you can consider 20-plus. Yeah.

Utkarsh Somaiya: Okay. And sir, when you scale up so much, will you need more working capital?

Management: So, for next two year I think we have working capital as of now, but our profit will also add, so that maybe we will calculate after six or maybe one year then we will decide on that.

Utkarsh Somaiya: So, this quarterly interest of INR3 crore, can we assume this will not increase or will it increase?

Management: This quarter it will not increase because I think we – this QIP money we received I think in end of June. So, this quarter of course it will be less.

Utkarsh Somaiya: No, I mean this year in FY '27 and FY'28, how should we see our interest cost?

Management: So, for next two year I think it will be maybe what last quarter it will be much, much less maybe because we have money for next two year at least. Yeah.

Utkarsh Somaiya: So, you will be able to scale so much without any incremental working capital, so no interest will go up, no interest cost will go up, right?

Management: Based on QIP I think we calculated what we have our -- if you study our QIP document, so we calculated for next two year and that is sufficient for us next two year. So, if that is the same pace we are growing, I think no need to take money other or interest will be not be there, but if we grow faster then of course we will calculate again.

Utkarsh Somaiya: So, sir, if you don't need debt and you're not planning any capex, then next year end you will be sitting on a lot of cash, few hundred crores of cash. So, what will you do with so much cash on the balance sheet?

Management: So, I think that we also assume there will be cash in hand, yes.

Utkarsh Somaiya: So, no such -- no plans for such a big cash pile? You'll probably have INR300 crores to INR500 crores of cash.

Management: That I can't comment because we going to invest INR100 crores in capex also, right from our profit part.

Utkarsh Somaiya: Okay, sir. Thank you so much and best of luck.

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

Management: So, thank you all. I think we hope replied all questions and we will continue come on next quarter with much better result. Thank you.

Moderator: Thank you. On behalf of KRN Heat Exchanger and Refrigeration, that concludes this conference. Thank you for joining us. You may now disconnect your lines.