ELGi

August 20, 2026

National Stock Exchange of India Limited (NSE)
Exchange Plaza,
C-1, Block G Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

NSE Scrip Code: ELGIEQUIP

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

BSE Scrip Code: 522074

Dear Sir/Madam,

Subject: Transcript of Q1 - 2026-27 Analyst/ Investor Con-call held on August 14, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Q1-2026-27 Analysts/Investor Con-call held on Friday, August 14, 2026.

The aforesaid information is also being made available on the Company's website at https://www.elgi.com/in/investors/analyst-conferences/.

The above is for your information and record.

Thanking you,

Yours faithfully
FOR ELGI EQUIPMENTS LIMITED

ROHIT JAGANNATH GUPTE

Digitally signed by ROHIT JAGANNATH GUPTE
Date: 2026.08.20 14:42:06 +05'30'

ELGI EQUIPMENTS LIMITED ELGi

ROHIT GUPTE
COMPANY SECRETARY AND COMPLIANCE OFFICER
MEMBERSHIP NO.: A12422

Encl.: as above

Q1 2026-27 – INVESTOR MEET

MANAGEMENT: MR. JAIRAM VARADARAJ – MANAGING DIRECTOR
MODERATOR: ASIAN MARKETS SECURITIES LIMITED

Moderator: Good afternoon, everyone. On behalf of Asian markets, we welcome you all to the Q1FY27 post-results webinar of ELGI Equipments Limited. We have with us Mr. Jairam Varadaraj, Managing Director, representing the company. I'll request Mr. Jairam to take us through the presentation and the overview of the results, following which we will start the Q&A session. Over to you, sir. Thank you.

Management: Thank you, Kamlesh. Thank you, Asian Market Securities for organizing it. Ladies and gentlemen, it's a pleasure for me to be with you. I hope you're able to see my screen because I'm having difficulty seeing my own screen. Just give me a minute.

Moderator: Sir, we are able to see your screen, sir.

Management: Okay. Perfect. So, thank you again. I apologize for this bit of a challenge here. I changed the format for this year, starting on the revenue and then moving to the EBITDA. So, I want to look at Q1 revenue numbers compared to Q1 of last year.

We grew by about 23% and after that 7% was exchange related. Across the board, we had growth. I'll come back and talk about region-wise performance. EBITDA, we grew by 28%. This has been good. I'll again talk in greater detail about the constituents of it. Moving on, on a sales mix, by and large the same between compressors and automotive equipment, and by and large the same split between India and the rest of the world. We have introduced this slide to give you a sense of where our growth is coming from. So, if you look at India standalone, we have grown by about 28%. North America, we have grown by 37%. Europe, we grew by 21% and Australia, 7%, I mean, sorry 17%. So, across the board we have had some good growth. So, despite a strong growth in India, we've been able to maintain the split between India and rest of the world by virtue of growth in other geographies as well. Moving into the classical EBITDA reconciliation that we normally present. If you look at it, we have carved out exchange because there was a significant impact of exchange during the quarter. So, we have had a good volume impact. We had a contribution-negative primarily because of raw material cost increases, tariffs, and product mix. We have responded to this by cost reduction. We have also responded by price correction in the market. But the price correction we expect to see towards the end of the second quarter and more fully in the third quarter.

So by and large, we are confident that we have mitigated this. We started off the year thinking that there will be a 3% to 4% increase in material cost, cost by commodity, metal commodity prices, but in reality it was 5%. Then there was a possibility that it could go to 9%. We have taken 9% and we have taken some corrective measures. So, we are confident that there will not be any impact. So even this quarter, we have maintained our EBITDA percentage same as last year. In fact, we have slightly better. I think it will only continue to improve into the future. So, this is the thing on employee cost, even though the increases seem significant, primarily it's an increment that we have given across the world. So overall cost is well within control. The same thing with other expenses, there's a 12% increase primarily because we have gone and taken on some rental premises for our motor plant, as well as, you know, what we sold, the facilities that we sold in the US, we have moved into rental facilities.

Moving on to the full financials, our PAT is at 9.7%, roughly similar as the Q1 of last year. And this is with some exceptional reorganization cost. We are going through some reorganization in Australia, in Europe, and a little bit in the US. And we think there will be a little bit of these costs continuing into the year. But, you know, the benefit of doing this is, you know, a very short time and it's good for the company. So, we're not too concerned about this.

Net cash position in the company continues to be very strong. Our CAPEX, one is our MK2, which is our program for shifting our campus to the new campus from our city factory. That's been about half of the CAPEX is towards that. And the other is we bought some land in Italy, which was contracted six years ago that we had to make that commitment and some equipment, normal CAPEX in the factory. So, this is really what I wanted to present to you.

I will now give an overall view of the sales numbers starting from Australia. Australia was a bit muted relative to the other geographies. We've had some challenges in our service business in our distribution of operations. We are working towards resetting the processes, reorganizing them. We are confident by the third and fourth quarter, we will be back to where they are supposed to be. Moving down, Southeast Asia continues to be a bit of a challenge. Part of our restructuring cost is also towards Southeast Asia. Market is big, but there are still challenges for an Indian brand in that market. We are working on different strategies there. So, it's a longer-term play. It's not a significant contributor. Coming to India, India did well across all verticals, whether it is industrial, portables, aftermarket, vacuum, all of them have done well in the quarter and we expect to continue to do at this level, though the growth rates may be less because our first quarter was, last year was a bit of a muted quarter and we had very strong second, third and fourth quarters. So, the growth rates may not be as attractive as we have had in the first quarter, but we'll continue to grow. In India, we have made some strong inroads into some of the growth sectors like EV. Our growth in EV has been pretty significant. Our growth in the renewable energy segment has been pretty significant. And the growth in semiconductor ecosystem has also been significant. So, we are riding on some of the industry waves that are happening in India.

Europe is more of a P&L play for us right now. We have done all of it to make sure that it is breaking even, stays there, and it is staying there. There are some initiatives to grow the top line. We have made plans to enter into Germany and a little bit more emphasis into Eastern Europe. So, there will be tighter control over costs, even while we try and grow some of the geographies and products. So again, Europe is going to show up in the medium term. It will come back to where it's supposed to be. North America was a good story. Our distribution business is not doing as well as it should be, primarily on the service side. We are working on a few initiatives. All the other businesses have done well in North America, and we expect that this momentum will continue into the future as well. So, this is really the overall summary of our performance for the first quarter. Our project to enter into what we call the tier 4 segment in the bottom of the pyramid, bottom of the industrial pyramid, where we are been facing very low-cost compressors from China. We are all lined up. Our products have been validated. In fact, we have got our first orders already. The formal launch is this month in Hyderabad in one of the exhibitions. We are going to have that. So, we are on track. September will be launch. We have got our distributors lined up. The training program is going on. Our internal organization is in place both for sales and service.

So that project is on track. So anyway, this year is just the start year. It will be a contribution to the top line marginally, but really in the next few years, we expect that to be a very strong player. So I will now stop here and rely on your questions to provide more clarification. Thank you.

Moderator: Thank you, sir, for the opening comments. We'll just wait for the question queue to assemble. Participants, in case you have any questions, you may please use your raise hand option. Or you may also drop your questions into the chat box below. So, the first question we have is from the line of Ravi Swaminathan. Ravi, you may unmute yourself and go ahead with your question.

Ravi Swaminathan: Hi sir, good afternoon. Congrats on a good set of numbers.

Management: Thank you, Ravi. Good afternoon.

Ravi Swaminathan: Sir, my first question is with respect to the India business, it has seen a very strong growth of almost 28%. Any sense on, color on how much of it would have been volume driven and how much of it would have been price-led because a significant amount of raw material price increase has happened over the past few months, especially since the war. So how much price increase we would have taken over the past few months and have we completed our price correction movement or is there further price increase that is there on the cards?

Management: So, I would say the growth has been primarily volume driven. There has been a marginal correction in price, which we, like I said, anticipated about 3% increase in raw material prices. And to that extent, we corrected our price. What really happened is 5% to 6% is the increase in the raw material cost. So, to that extent, we were under recovered, but we have corrected for that in the subsequent quarters. But impact of it, we are not able to see in the first quarter yet.

Ravi Swaminathan: Understood, sir. And if it is so volume driven, that is more than 20% growth in terms of volume growth has been there. Can you highlight some of the end subsegments or sectors which have actually done really well. Or is it that like we have got into some newer categories and some of the newer products like the aftermarket products or the stabilizer products, etc. which are contributing to this incremental growth.

Management: So, there are multiple reasons. One is I can say across the board, across all industry verticals, there's been growth, right? So, I can't say that there is one particular industry that has contributed significantly to this. That is point number one. Within specific industry segments, we have been able to grow by virtue of Demand=Match. Demand=Match was launched in September of last year, and the traction and receptivity has been really outstanding right. And we've been able to gain entry into customers who have never been our customers. Right. So, the value proposition that we've been able to demonstrate for the product has been very powerful and that is really carrying. So that's the second kind of a stream.

There's been no real new products that we have launched, but just an upgrade of our entire range of products over a period of time. Today our product range is one of the best in the world, right? So, in terms of energy efficiency, in terms of competitiveness, by virtue of making our own motors. So, the overall value proposition that we are bringing into the market has been very, very strong. So, this is the third. So, I would say all three have contributed to the growth.

Ravi Swaminathan: Understood, sir. And any mixed change also which has contributed to this in the sense that screw compressors have grown faster than piston, something of that sort, has it happened or is it the mix has largely been the same?

Management: No, Mix has been, by and large, the same.

Ravi Swaminathan: Understood.

Management: It has been more significant.

Ravi Swaminathan: Okay, and in terms of forward-looking inquiry numbers, etc. from certain large categories like industrials, especially metals, and then water well, infrastructure, general infrastructure, etc. how are you seeing the demand environment on the ground? Has there been any slowdown related to the war which has been there? Within India demand, or are you seeing demands inquiry levels sustaining?

Management: Inquiry still remains very strong. Like I said, even in the, you know, annual call, inquiries remain small, but the gestation time for finalizations are longer than normal, right? but it is still very strong. Water well has seen an uptick in the quarter, but, you know, it is not like a day and night difference. Yes, there's been a positive contribution in terms of increase. But other than that, I would say overall, there's been a buoyancy in the economy.

Ravi Swaminathan: Understood, sir. Thanks a lot. I'll come back in the queue if I have more questions.

Management: Yeah. Thank you.

Moderator: Thank you, Ravi. The next question we have from the line of Manjeet Rathore. Manjeet, you may unmute yourself and go ahead with your question.

Manjeet Rathod: Hello, Mr. Varadaraj, very good to see you.

Management: Hi, Manjit, how are you?

Manjeet Rathod: I want to refer to the stabilizer product that you launched in 2025. We've spoken about the groundbreaking technology that we had come up with. How has the adoption of the technology been and how do we see then about the product adoption when we come up with such technology? Like do they have a gestation period of about two to five years before we reach a sizable scale to that or there has been a very quick adoption? That's my first question.

Management: Yeah. So, Manjit, like I just explained, it's stabilizers when we first introduced the technology, that was the name that we used. But we actually launched the technology and it's called; the product is called Demand=Match, right? We launched it last year, like I was explaining, last September, and the absorption has been outstanding. So, part of the significant growth in some of the industrial products where we have incorporated it. So, Demand=Match is a technology that sits in multiple models of our products. That introduction of that technology in models has been phased. So, wherever we have introduced it in our models, the acceptance in the market, the kind of traction we are gaining, has just been outstanding. And that has been a contributing factor for our growth this quarter. And that's only in India. We are launching Demand=Match in the rest of the world this year. And that work has already started. We have had validation machines installed in all the major geographies. And the feedback and experience have been, again, outstanding.

Manjeet Rathod: At this point in time, are we working on some technology that really excites us? Or how do we think about what research, in which direction should we pursue the research? Are we trying to improve our efficiency of our existing products? or we are trying to develop some new products or it is both. And are you seeing something new coming up over next few years? I don't want to say one year, three years, I want to put a number, but is there anything under development which really excites you?

Management: Well, there's a lot of stuff that's going on. See, there are two vectors for our technology slash product development. One vector is to take the existing architecture and existing philosophy of design and move it to the highest level of efficiency and life cycle cost, right? So that's one vector that we are doing, and that's where new products come in, higher efficiency and lower life cycle cost. That's one. The second vector is really fundamental technology development which delivers things like Demand=Match. So that's something that is ongoing and we have some very exciting stuff. Unfortunately, I can't talk too openly about that. But again, the whole philosophy is how to reduce the overall lifecycle cost for the customer, right and pick the elements that are not so obvious and try and eliminate those costs for the customer. So, there are quite a few exciting stuff that's happening.

Manjeet Rathod: Thank you, sir. I'll go back to the line. It's always very good to speak to you.

Management: Yeah. Thank you.

Moderator: Thank you, Manjeet. Sir, next question, we'll take it from the line of the Yash. Yash, you may unmute yourself and go ahead with your question.

Yash Surpuriya: Good afternoon, sir. Thank you for the opportunity.

Management: Good afternoon.

Yash Surpuriya: I have a very broad question, sir. What is our right to win in the global markets? As you always say, we don't compete on price, nor the industry works that way. So, what makes us different that a customer who has been using Ingersol Rand, Atlas Copco, or any other competitor for that reason to switch towards us or when they expand their capacity chooses us over anyone else.

Management: So, there are two things, Yash, a very good question. One is, you know, customers buy compressors based on 3 well-known parameters. Energy efficiency is the biggest. The second is the maintenance cost. And the third is the price of the compressors. Now, 80% of the market looks at energy efficiency and maintenance, less on the price. 20% of the market works purely on price. They're not too worried about efficiency and maintenance. So roughly, that's the split. We would like to focus on the 80% which buys on efficiency and maintenance cost. So that's really where we are saying, how can we make the most energy efficient compressor in the world? And today, close to 70% of the models in the industrial side, we are the best in the world, right? And this is not something that we are claiming. These are independently published numbers, right. So that's one part of it. When it comes to maintenance, the biggest cost, maintenance cost, which is not very well documented, is the cost of failure right. When a mesh compressor goes down, even if you just take the cost of just renting another compressor to run the plant, that becomes the second largest cost and we are focused obsessively on quality and we have the lowest defect rates in the market. And that is why we are able to provide lifetime warranty, 10-year warranty in different segments of the market and still have one of the lowest warranty cost on revenue, lowest in the industry. And that's a reflection of the quality that we bring into the product.

So, this is really what gives us our ability to win disproportionately when we are in front of the customer. Combining that with things like Demand=Match technology, which nobody else has, it takes the value proposition to the next level. And that is another layer of the right to win in these markets. So that's really how we are pushing the whole go to market.

Yash Surpuriya: Thank you, sir, for the answer. But, sir, how are we working on getting in front of the customer, like on that side?

Management: So that's a long process because this is primarily a distribution-led business, distributors' own relationship with customers all over the world. So, the real challenge is not giving value propositions just to the end user but look at what is the unique value proposition that we give to distributors. And that is a longer process than getting in front of the customer. We are very confident that when we are in front of the end users, we win disproportionately, right? So, the real challenge which we are working on is how do we get more distributors to represent our products? And that's an ongoing process. There is no switch that we can quickly turn on to make that happen.

Yash Surpuriya: Thank you, sir.

Moderator: Thank you. Sir, we'll take the next question from the line of Mr. Ravi Swaminathan. Ravi, you may unmute yourself and go ahead with your question.

Ravi Swaminathan: Hi, sir. A few more follow-up questions which I have. Given the kind of strong growth that we have seen during this quarter, is it safe to assume that we would have gained market share in the Indian market?

Management: I think so, but you know, I'd like our competitors to tell us that, you know.

Ravi Swaminathan: Okay, got it, sir. And the second question is with respect to after sales service. After sales would have seen similar kind of growth that the product sales would have seen. And what kind of contribution does after sales have in our overall revenue mix, both at the India level and at the global level?

Management: Yes. I kind of expected this question based on your prior questions on the same things in the past Ravi. So, I prepared myself for this. So, aftermarket has grown, has grown not only in India, but it has grown all over the world, and that's been one of the reasons why, inspite of an increase in material cost, we've been able to sustain our profitability. I'm not saying that's only one contributing factor. As far as aftermarket to revenue, I would say that, you know, if you just take parts, we are at, if you look at overall in the world, it is, we are at around 20 to 23%, right? In India alone, we'll be at around 30 odd percent, right? 28 to 30%, right? So, US, it's got a mixture of both parts and service because our distribution business does service as well, right? And services are very lumpy kind of a thing because we charge hundreds of dollars per hour for service. So that's it. It colors the whole thing, but we are at around 30%. But if you remove the service part, probably we're at around 16 or 17%. So, I would say it's fair to say, in India, we are at around 28, 30% rest of the world at part level at around 15%-16%. So there is headroom for us to grow in India as well, as well as headroom to grow in the rest of the world.

Ravi Swaminathan: Okay, and the global benchmark for after sales service as a percentage of revenue, it used to be around mid-30s. Is that a right understanding? We are we would try to. Sir, you are on mute.

Moderator: Sir, you've gone on mute, sir.

Management: Sorry. I was clearing my throat. It's somewhere between 38 in that, between 35 and 40, I would say 38 probably there. Yeah.

Ravi Swaminathan: Understood, sir, and with respect to you had mentioned about EV application in the comment initial comments, so if you can elaborate more as to where do the compressors go into EV applications.

Management: Sorry. Yeah.

Ravi Swaminathan: You had in the initial comments you had mentioned that we have done well in electric vehicle EV applications also. If you can talk about where the compressors go into EV applications.

Management: No, no, I said the EV ecosystem, right? So, if you look at the EV vehicles that are suppliers to the EV vehicles, there are EV vehicle manufacturers themselves, the compressors going into the factories, it is not going into an EV vehicle.

Ravi Swaminathan: Understood. OK. So it's kind of an extension to the auto products that we end up.

Management: Absolutely, absolutely. But you know, the number of new players in the electric vehicle category, especially in the two-wheeler segment, is a lot more than in the four-wheeler, right?

Ravi Swaminathan: Okay. Okay, oh, so that is leading to.

Management: So, they are all setting up factories, and we are involved with them in helping with their factories.

Ravi Swaminathan: Understood, sir, very clear. Final questions, if you can give a mix of sales mix between industrial, infra, and retail sales, and also between piston and screw, that will be great.

Management: I don't have the number with me, but I wouldn't like to split it between piston and screw because that's too competitively very sensitive. But infra, industrial infra and retail, I don't know what you mean by retail. I don't have the numbers in front of me, Ravi.

Ravi Swaminathan: Sir, retail means automotive, garages, etc. would work and all these things I think one can classify it into retail.

Management: Oh, we don't break it up that way. We don't break it up that way. So, I won't be able to tell you what we sell in automotive garages. We don't measure that separately. Yeah.

Ravi Swaminathan: Sure, sir. Thanks a lot.

Moderator: Thank you, Ravi. Sir, the next question we take is from the line of Mr. Vipul Kumar. Vipul, you may unmute yourself and go ahead with your question.

Vipulkumar Shah: Hi, congratulations, sir, for a very good set of numbers. So, my question is, what is our, in reply to earlier question, you said you have one of the lowest warranty costs. So, is it possible to quantify what is our warranty cost as a percentage of sales, and how does it compare with our years?

Management: Our warranty cost, I don't want to give you a specific number, Vipul, but it is less than 1% of our revenue.

Vipulkumar Shah: And how does it compare?

Management: Well, we don't know. Nobody reports it, but from, you know, people who are from competitors who have given us casual references, it is higher than 1%, right? So that's the thing. I mean, they are higher than 1%, we are lower than 1%.

Vipulkumar Shah: And in your opening remarks, you had also mentioned the semiconductor ecosystem, so where compressors are used in semiconductor ecosystem.

Management: So, in manufacturing, there are oil-free machines that are used. There are suppliers to the semiconductor industries where regular compressors are used. The ecosystem of semiconductors has a wide set of applications. The final one, the fab is the cleanest. It's got the highest standard of air quality and all that. We are participating there. We are also participating in the entire eco chain of that, you know.

Vipulkumar Shah: So, what percentage of our turnover should be relating to semiconductor right now, sir?

Management: I wouldn't like to share that detail, Vipul, but you know, considering that it's a nascent industry that is coming to India, it's not a significant number, but it's a growing number.

Vipulkumar Shah: It's a very fast moving site. Is that understanding correct, sir?

Management: It is, it is a group, yes, it is a growing number, yes.

Vipulkumar Shah: Thank you very much, sir, and all the best for the future.

Management: Thank you.

Moderator: Thank you, Vipul. Sir, the next question we'll take is from the line of Mr. Ankur. Ankur, you may unmute yourself and go ahead with your question.

Ankur Periwal: Yeah, hi, sir. Thanks for the opportunity. First question on the distribution side, both in India as well as, you know, in the global markets. You did mention that Demand=Match has been launched across India. Will it be fair to say that more or less the entire nation is covered with this now? or there are still some.

Management: Oh, absolutely, absolutely. Because we have now, you know, like I said, Demand=Match is a technology that gets embedded in all our products, right? And we have sequenced the introduction by virtue of the most popular product. So, wherever we have embedded that technology into a product, 100% it has been absorbed, right? And even as we speak, we are continuing to add more products into that Demand=Match technology. So, I expect in another year, all our products will have Demand=Match embedded in it all over the world.

Ankur Periwal: Sure, and the timelines that you will see for the global side as well, it's one year only, right? In India it's largely done and globally you're saying one year.

Management: This year. Yeah, this year we will have it globally, yes.

Ankur Periwal: Sure. And just a follow up there. In terms of physical expansion of our distribution network, you know, let's say deepening presence in our existing markets or adding newer ones, especially globally, how are we sort of, you know, ramping up there over the last couple of years and your initiatives there?

Management: Well, I don't have a specific number that we have moved from these many distributors to that many distributors. But everywhere in India, it is not about increasing the number of distributors. It's about reorganizing our network in various geographies to make it more effective. So, there could be a distributor in one area who's sitting on too large a territory and we are not able to penetrate in certain sub areas. So, we split territories and get deeper. So that's one type of activity in India, which is ongoing even as we speak. Then for our tier 4, we have now set a completely new set of distributors. We don't, it is not shared with our existing distributors because that's a completely new business with a completely new mindset, right? So that's another growth in terms of our network. In the US, our growth has primarily come from accessing new distributors into new territories. That's another. But, like I said, getting distributors to come on board takes a long time. It's not something as easy as converting a custom, for instance.

Ankur Periwal: Fairness, that's helpful. And just, you know, a related question on the aftermarket side. How, so one, how does that, you know, the split that you shared, how does it vary between India and the global markets? And secondly, and do you have an, do we have an AMC for our products across all, which is automatically sort of, you know, getting renewed or it's a product-specific service, as and when you know the problem or some issue comes in, you charge for it.

Management: So, if you look at the full spectrum of aftermarket, there are parts and then there is service, yeah. ELGI predominantly plays in the parts business, right? We leave the service part to the dealer, right? Now, if you look at India, because the labor cost is so low, revenue from service is very, very small. So, if you take a typical dealer in India, if you say, Let's say 20, 25% of their revenue is coming from aftermarket. I would say probably 2, 3% out of that 25% is service.

You take the same thing in the US. If they take 30% or 40% of their revenues coming from aftermarket, close to 25% of that will come from service. Yeah. We don't do service. I mean, in India, we do a little bit of service to our direct customers. You know, customers like large corporates who don't want to work with dealers, we provide direct service, but that's not a big part of our income. Our main aftermarket is parts. Right. Now, it's also a philosophy that we don't want to intrude into the profitable segment of a distributor, which is service. They have the capability, they have the service technician, they have trained service technicians. We let them earn. It's part of, you know, coexisting in that ecosystem. So, we are fine with that. Like I explained, the split in India, we are between 28 and 30% is aftermarket. Worldwide, we have about 15 to 16%. Again, looking at parts, yeah.

Ankur Periwal: Great, sir. Thanks a lot for all your answers and all the best. Thank you.

Management: Thank you.

Moderator: Thank you, Ankur. The next question, sir, we'll take is from the line of Sri Agarwal. Sri, you may unmute yourself and go ahead with your question.

Sri Agarwal: Thank you, Mr. Varadaraj. Congrats on Good Numbers. Just one for me, which is on the improvement in the margins for the international subsidiaries. Just, you know, you mentioned that aftermarket as a share of overall improving is one of the contributors. But other than that, what have been the drivers of this? Because at a time when, you know, commodity costs are high, this is quite notable. And also the sustainability of this improvement, should we expect this to continue in the coming quarters as well. Thank you.

Management: So, Sri, thank you. There are multiple things. One is obviously the, let's take North America as an example. The large percentage of growth of the top line has obviously been a contributor to the bottom-line health as well. So there is no doubt about that. But that's not the only factor. We have also, like you saw one of the expense items of reorganization, we are taking cost out to make the organization more leaner and more nimble and more efficient. So that's another factor. The 3rd is, you know, in spite of the increase in raw material costs, in spite of holding up prices in the first quarter to a larger extent compared to raw material price increases, the cost reduction activity that's been going on in this company has been a contributor as well. right? So, motor in-house insourcing the motor, our own design has been a significant contributor, just as an example. Similar to the motor, there's been many other things that we have introduced which have brought significant savings to the bottom line. So, it's a series of these things. We expect this to continue because this is not just a one-time thing. It's an ongoing thing. The reorganization, wherever it's to be done, will continue to happen. Cost reduction activities will continue to happen. And like I explained, we have corrected our prices based on the new reality of cost increases. That will kick in towards the end of the second quarter or fully in the third quarter. So, we expect to see all this to ensure that we sustain this in the future.

Sree Agarwal: Fantastic, thank you.

Moderator: Yeah. Sir, before we move to the next person, I'll take one question from the chat. It says, do, sir, do we supply compressors to CNG filling stations?

Management: No, we don't. We don't make gas compressors, no.

Moderator: So, the next question is from the line of Mr. Dhaval Shah. Dhaval, you may unmute yourself and go ahead with your question.

Dhaval Shah: Yeah, hi, sir. Congratulations on great set of numbers.

Management: Thank you, Dhaval.

Dhaval Shah: So is it, you mentioned in your opening remarks that renewable energy has also started contributing meaningfully in terms of growth, incremental growth. So which part, so wind, solar, both?

Management: Yes. See, again, we are not supplying directly into the solar panel or into a wind turbine, but the whole ecosystem of production that happens for solar, right from cell manufacturing to panel manufacturing, All the way up to installation, there is compressed air that is required. So, we are in that full supply chain. Yeah. Similarly, wind turbine. Yeah.

Dhaval Shah: Okay. Okay, great. And then, sir, you said that margins, which are already very good in this quarter, and these margins can only go up, right? That's what you said.

Management: Yes, we expect, of course, we don't know what Mr. Trump will do in terms of tariffs. Assuming that that remains stable, we have done a lot of work to absorb that. Right now, our tariff is at 25% and we've been able to absorb that very effectively. Barring no unforeseen kind of shocks of that nature, we should continue to improve.

Dhaval Shah: And I think on your investor day you said it should go to 16, 16 and a half right by FY28.

Management: Well, our target is to grow to 20. We had given a guidance that we will go to 18% by 2031. Yeah.

Dhaval Shah: Okay, okay. Okay, sir. Thanks A lot. Thanks a lot. All the best.

Management: Thank you.

Moderator: Thank you, Dhaval. Sir, there is a follow-up question from Mr. Vipul Shah. Vipul, you may unmute yourself and go ahead with your question.

Vipulkumar Shah: Yeah, thanks for the opportunity. Sir, Demand=Match is optional, or is it mandatory for all new dispatches, sir?

Management: We have made it standard, so all ELGI compressors catering to a certain tier of the market. Like for instance, the tier 4 compressors will not have Demand=Match, right? But our tier 3, tier 2 and tier 1 compressors all have Demand=Match as standard.

Vipulkumar Shah: Just one small clarification regarding tariff, you said tariff right now is twenty-five percent, is that everything correct?

Management: Sorry, I'm sorry you're breaking up with.

Vipulkumar Shah: The current tariff is twenty-five percent, sir.

Management: Yes, yes.

Vipulkumar Shah: Have we received the refund of all earlier paid tariffs or anything with pending schedule?

Management: I think we made a disclosure to the market. We have got some, there's approval of close to 4 million of refund and I think actual refund is about 1.6 or 1.8 million that we've got a refund, yes.

Vipulkumar Shah: The balance is pending.

Management: Yes, we just, we have to wait.

Vipulkumar shah: Okay, thank you, sir.

Moderator: I mean, sir, there is one follow-up question from Ravi Swaminathan. Ravi, you may unmute yourself and go ahead with your question. Ravi, please unmute yourself and go ahead with your question.

Ravi Swaminathan: Yeah, hi, sir. One final follow up question. With respect to some of the new age sectors like EV and renewables and probably even data center, what would be the revenue contribution to India and global revenue for you from these segments? Any broad sense on them? I'm just trying to figure out whether are they meaningful numbers for revenue or not.

Management: See, right, they are developing, at least in India, semiconductors or renewables are developing sectors. They have a large growth themselves, but you can't compare the buying power of that industry sector with textiles or cement or steel, which are well established. So, they're not a big contributor, but they have very high growth rate, right?

Ravi Swaminathan: Okay, understood, sir. And in terms of metals like steel, copper, aluminum, etc. are you seeing big traction inquiries, etc. picking up very significantly? Because usually they change the entire growth rate itself because of big orders coming in.

Management: There are inquiries, Ravi, but I think all these, I don't know about copper and this thing, we are not that big anyway, and steel is big. I think at one point there was a huge capacity build up and then there was all these issues. I think the steel industry is bleeding out capacity first utilization before they start looking at further investments.

Ravi Swaminathan: Understood, and here centrifugal compressors only go into it largely, or is it like the addressable screws?

Management: No, no, it depends. It depends on the size. There are centrifugals in large plants. There is also a lot of screw compressors.

Ravi Swaminathan: Understood, sir. Thanks A lot.

Moderator: Thank you, Ravi. The next question we have is from the line of Manjeet. Manjeet, you may unmute yourself and go ahead with your question.

Manjeet Rathod: Hello again, sir. I'm not seeking a very specific answer. I just wanted to pick your mind. Will you please feel free to answer it in whichever way you feel like. When we look at Atlas Copco, when we look at Ingersoll Rand, their technological capabilities and our technological capability, where do you see the gap lies, if there is any?

Management: As far as technology is concerned, there is no gap, right? The fact that we launched Demand=Match is a demonstration and evidence that we have a good mastery of the, not just the know-how of technology, but the know-why of technology, right? When you have no why, you can build the next products. If you have Know how, you can't build the next. So this is clear demonstration that we have the why, right? Why is something built the way it is so that you are able to question it and make the next product? Right, so that's the trajectory we are in. It's not something that came easily. We've been working on it for the last 30 years, right? So, technically, there is absolutely no difference. In fact, we would say that there are some understandings we are superior.

Manjeet Rathod: Understood, sir. In barring scale, what are the organizational capabilities that would differ?

Management: So what has happened, if you really look at our company, you know, we have gone, we have taken an Indian company and we have tried to grow it internationally and it's been a huge learning process for us because there is no textbook which says you step one, step two, step three, this is how an Indian company will build a global company. So, you go out there and you do certain things, you make mistakes and you learn right. Now, one of the learnings that we have is tomorrow, if we really want to do the next round of scale, we have to have very strong processes which will help us be efficient, as well as have control over our operations without any surprises, right? So, this is something that we are going to build out in the next few years, a very strong process layer in the company. And through that process layer, we'll be able to bring out, take out so much of inefficiencies that are currently there, right? So I would say the scale will come once we have built that layer and that we are going to start doing now.

Manjeet Rathod: Thank you, sir. Very good to hear from you again.

Management: Yeah. Thank you.

Moderator: Sir, then the next question is line from is from the line of Mr. Ritwik. Ritwik, you may unmute yourself and go ahead with your question.

Ritwik Sheth: Yeah, hi, good afternoon, sir. So, my question is on our cost, employee cost and operating cost. In the last three to five years, we have seen it grown in mid to high teens. So, you mentioned that we are looking to rationalize the cost at Europe and try to become more cost efficient. So, do you think that this trajectory should be somewhat rationalized from current levels or should this trajectory continue over the next three years as well?

Management: It will start getting rationalized on 2 levels. One is we obviously have to grow the top line and the minute we grow the top line, even the current level of cost as a percentage is going to drop. So, that's just pure arithmetic. Besides that, we are looking at where a particular job is performed. So, Again, it relates to this process project that I talked about. When you have a very clearly defined process layer and a process map across the company, across all its geographical entities, there will be clear identification of where the jobs. can be done the most efficiently. I'm not saying everything has to be done in India, but there are certain locations that do certain things far more efficiently. Once we get that kind of understanding and consolidation that takes place, the overall cost will go down, the efficiency will go up, right? So that's something that we hope to achieve over the next three to four years' time.

Ritwik Sheth: Okay, so the journey from say 15, 16% EBITDA margin towards your target of 20%, some part would be operating leverage on the current base. Some part would be the new products that you are launching. Would that be a fair assessment?

Management: Some part of it, clearly operating leverage, which is linked again to new products because they contribute to giving us the top line, right, by market share or growth into new markets. But we will also be looking at how to improve our gross margin, right? Through a constant cost reduction, re-engineering, that's an ongoing process that we have now embedded in the company. And the other is to look at a fixed cost rationalization through this process exercise, right? So, all of them. At 3 levels, we will be looking at improving our EBITDA margin, not just relying on only leverage.

Ritwik Sheth: Right, okay. Okay, so that is helpful. All the best and thank you.

Management: Thank you.

Moderator: Thank you, Ritwik. Sir, I see no more questions, so I'll hand over the mic to Kamlesh Ji for the vote of thanks and probably the closing remarks followed by your closing remarks.

Management: Thank you. Thank you very much for moderating this session.

Moderator: Yeah, so just one point, can you just help us understand the Italian joint venture progress when are we seeing the product to be launched?

Management: Sorry, say that again, Kamlesh.

Moderator: The new product that we are launching now.

Management: Which one?

Moderator: In collaboration, vacuum products.

Management: Oh, vacuum is already in the market, Kamlesh. We have indigenized it, local production has already started. We have started selling. It has been a; the first quarter has been very good. I just don't want to give a specific number as yet, Kamlesh. But we have had a phenomenal percentage growth in the first quarter, right? And we expect that to continue. But you got to understand, we are a very, very small, late entrant player in this segment, right? So these kinds of growth numbers, you know, will happen to anybody right who enters this right? But it's encouraging to see, because the quality of customers, we've been able to get a very high quality customers, which is a reflection of the quality of the products and our entire marketing program. Right? So, it's encouraging. So, we will continue to grow that, yeah.

Moderator: Great, sir. Great. So, yeah, thank you, sir, for all the insights. Any closing remarks you want to make?

Management: Thank you very much, Kamlesh. Thanks to you and Asian Market Securities for hosting us. It has been a good quarter, but you know, this is a quarter in a lifetime. So, we don't take, we don't rest on this. There's still a lot of work to be done. And we keep looking forward to the future with great optimism. And thank you again for everyone's time. Thank you.

Moderator: Thank you. Thank you everyone. With that, you can go log off the call. Have a good day. Thank you.

Management: Thank you.