



May 30, 2025

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

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

NSE Symbol: ELGIEQUIP

BSE Scrip Code: 522074

Dear Madam/ Sir,

Subject: Transcript of Q4 2024-25 Analyst/ Investor Concall held on May 29, 2025

In furtherance to our earlier intimation dated May 29, 2025 regarding the presentation of Q4 2024-25 Analyst/ Investor Concall and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith the transcript of the Q4 2024-25 earnings conference meet for the analysts/ investors held on Thursday, May 29, 2025, at 10:00 AM (IST) through Microsoft Teams Meeting.

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

The above is for your information and record.

Thanking you,

Yours faithfully

FOR ELGI EQUIPMENTS LIMITED

DEVIKA SATHYANARAYANA
COMPANY SECRETARY AND COMPLIANCE OFFICER

Encl.: as above

ELGI EQUIPMENTS LIMITED

Registered Office : Elgi Industrial Complex III, Trichy Road, Singanallur, Coimbatore - 641005, Tamilnadu, India

T +91 422 2589 555, **E** investor@elgi.com, **W** www.elgi.com, **TOLL-FREE NO:** 1800-425-3544 | 1800-203-3544

CIN: L29120TZ1960PLC000351

Q4 2024-25 – INVESTOR MEET CALL

MANAGEMENT: MR. JAIRAM VARADARAJ – MANAGING DIRECTOR.

MODERATOR: MR. KAMLESH KOTAK – ASIAN MARKETS SECURITIES LIMITED

MODERATOR:

Good morning, everyone on behalf of Asian Markets, we welcome you all to the Q4 and FY25 earnings Conference Call of Elgi Equipments Limited. We have with us today, Mr. Jairam Varadaraj, director representing the company. I request Mr. Jairam to first take us through the. Overall financials for the quarter and for the year and the business updates to be followed by Q&A session. Over to you sir, Thank you.

MANAGEMENT:

Thank you very much, Kamlesh. Thank you. Asian Market Securities for hosting our Q4 call. It's always a pleasure for me to be with all of you and thank you very much for taking the time. To go through this presentation with me. As always, I will focus on the Q4 results and then give you a sense for how the business is and what the challenges are. Some sort of view of how we look at the next year and then we will have QA and session. Now. If I let me go through the next. So this is starting with the reconciliation of EBITDA. Considering the current operating ratios and cost structures. Considering that sales grew by almost 15%, our EBITDA should have been about 1724 million, against that we did about 1500 million.

And the primary reason is increase in employee cost. And there was a significant increase in other expenses, some of it I will explain to you. Most of the increase in other expenses is one time in nature. So, we took one is the, you know the increase in variable cost which is not captured in our contribution where contribution is only. At a material cost level so close to about 25% is the increase in the variable cost associated with the increase in volume. We cleaned up some of our books in India in other parts of the world. We cleaned up some inventory and we cleaned up some receivables, not so much as a loss, but as a prudent accounting thing. So that is to the extent of about 8 crores, we did that, but this is not just for the quarters, for the whole year. Going forward, we'll try and first of all, I don't expect it to continue this way. Secondly of all we will do this on a quarterly basis so that there are no yearend shocks that we can see.

So these are one time in nature that I don't see anything happening significantly. We have a CSR which we do depending on a given year normal as per loss, 2% of PAT. But actually we do 4% of PBT in a given year depending on our project. A Project for educating very poor children has moved forward and it is progressing well. So as a consequence we are increasing our contribution this year towards that. So this is really the reason why the fourth quarter is not as it should have been, but as far as the fundamental ratios of the business are concerned, they're pretty sound.

Moving forward, if you look at the revenue profile except Southeast Asia, all the other regions have grown for us at very, very levels. India has done very well. For us, North America is coming back. Our industrials is very strong. Our medical business is very strong. Distribution operations, which was most hit by the issue with our ERP as stabilized. And we look forward to a positive number there. Portables is a more a market structural thing. You know for three years there is a big growth and since the last couple of years there has been a significant almost a 30-40% drop in the market and we are feeling the effect of it and we expect this this portable to remain subdued in the current year as well.

Europe is finished quite strongly in Q4, but I'll come back and talk about Europe. Australia is also coming back from you know, significant challenges post COVID. A few years after that, Middle-East has done well for us and Brazil has done well for us.

Moving forward, if you look at our revenue highlight, we have grown 15% over the previous year in, Q4 of last year compared to Q4 of this year. So overall, I think it's been good and PBT growth has been also pretty strong considering the revenue growth. So our profitability ratios remain quite strong.

The split between automotive and compressors remains pretty much the same. Automotive had a very strong year, but the compressor business also had a strong year. So the balance between the two remains. There's been a slight shift between India versus the rest of the world as far as compressors are concerned for the quarter, because India had a very strong fourth quarter and the corresponding increase was not there in the other parts of the world. So, there is a 2-3% shift, but I don't see this as a permanent thing. It'll come back.

So this is our consolidated uh financials for Q4 as well As for the financial for the full year comparing it with the prior year. So overall we have done well, profitability could have been significantly higher, but for the one-time expenses that we have, we have voluntarily claimed certain expenses just as a prudent accounting the reported. Numbers are little lower than what we would have otherwise liked it to be. So overall, a good story.

Our net cash position also has been quite strong. We've generating close to 97 to 98% of our Profit we are generating every quarter. We have put in very strong. Processes for receivables control that is beginning to show its impact. We have been working on a very large project to bring in better controls over the inventory worldwide and I expect to see good results coming out of it in the second and third quarter of this year so the cash position will continue to improve in the company.

So, this is really what I wanted to say as far as the performance is concerned. Going forward, I think as a business, you know obviously the tariff is something that everyone keeps talking about. You know, we started off with 26%. Which is a pretty challenging number to manage it from a cost point of view. It's been reduced down temporarily to 10%. We don't know where it will finally land, but we have done some scenario at 10%. We have done some cost calculations.

Some of the cost reduction initiatives that we started almost 2-3 years ago are bearing fruit now and that's going to help us, one of the biggest aspects of that cost reduction initiative is our motor plant. This financial year close to 85 to 90% of our motors globally will be manufactured by us and that's going to give us a significant advantage to be able to absorb the impact of the tariff without any compromise on profitability in the US market. Obviously, it's going to help us with profitability in the other markets, but I'm not talking about that so. You know, when we analyse what could all be the possibilities? Is where tariff could land.

I think the best-case scenario would be 10%. The way we are reading it is the US government is not going to remove 10%, although for some countries they seem to have done. But assuming that's a best case 10%. And if we look at import of compressors from the US into India and that is. At currently about 16 and 1/2 percent. And assuming they are going to make it in the worst-case reciprocal to that same percentage in this range, we are pretty much ok with all the cost reduction initiatives we can sustain our current pricing and our profitability.

So that's the good news. So, we are not too worried about the challenge on because of tariffs from our pricing point of view now. The rolling global impact economic impact of tariffs and the impact on other economies are going to be significant depending upon where it finally settles down. So Europe was already fragile. And it was recovering after the Ukraine war and all those issues, and we were beginning to grow slowly. We've all broke broken even last year. Now there is going to be a challenge in Europe and we don't know how it is going to be. So far, the indications continue to be positive, but we need to anticipate if US takes a very strong position on tariffs against EU that could be a big impact. So we'll have to wait and see. We've got some thoughts and initiatives that we have kicked off. We're not going to be able to see the results of those initiatives this year, but in the medium term, in the next couple of years, we should be able to Moderate for that impact if that we anticipate as a consequence of that.

So overall, I think we are in good shape and we are hoping that India continues to maintain its story and the results. So we've got some exciting new products. The stabilizer has gone into the field. In terms of Pilot test machines, Multiple machines have been put very good results.

Our machines for competing with the Chinese Imports are already working in the field and we are confident that by the third quarter both these products will be out in the market full-fledged and our earlier initiative called Project Everest for increasing our share of the market is going very well. And we are beginning to see the result every quarter and we'll continue to expect that performance to continue. So, India will be assuming the economic Structure remains solid. We will have good growth in India and we are confident of that. US is going to come back because it really hit the bottom. So we're confident that it'll come back from the past. Europe is a question mark at the moment, it is still showing signs of positivity. Australia's coming back.

So overall, I think we should have a good 25-26. So I will stop here and then I will wait for your questions to further clarify our performance and our future. Thank you very much.

MODERATOR: Sure. Thank you, Sir. Just as a mandatory announcement of participants, you may use your raise and option to be part of the Q&A Que. Also, participants who are on unclear line may use the Q&A or the chat option for to put your questions forward. I'll wait for a minute, Sir, before I, you know, take in the first couple of participants who have come in so that the queue can assemble. So the first question I have is from the line of Harshit. Harshit you may unmute yourself and go ahead with your question.

HARSHIT PATEL: Hi Sir. Thank you very much for the opportunity. The first question is on the US market. So could you explain how was FY25 for us in terms of profitability? Were, we able to break even in this market and given your 10% tariff as a base case, how will our profitability look like for FY26?

MANAGEMENT: So barring the one time clean-up cost that we had did on inventory and receivables, even in the US besides other parts of the world Harshit, the operations was actually profitable, right? So US has from a loss in the prior year has actually become profitable on a steady state basis now. For 26 the assuming, 10% tariff we have like I explained to you, we will be able to absorb that 10% without any impact on our profitability, because the savings that we have from our motor plant and a few other initiatives that we kicked off almost couple of years ago for cost reduction is more than enough to absorb it.

And like I explained to you up to about 16%, which is the reciprocal tariff and assuming that us imposes the same reciprocal tariff and we're not able to arrive at any understanding, we should still be able to do it. But if they move to 26% like they originally did, then that could be we need to make a decision in terms of either increasing prices or finding other ways as we speak all our competitors. In US have already brought in the condition that there is going to be a surcharge for tariff not only the foreign companies, but also the local companies. So everyone is going to be impacted in some way or the other by the tariff.

HARSHIT PATEL: Understood. And yes out of US, overall industrial compressor consumption, what is the share that they manufacture in US itself and what they procure from countries like China, India, maybe some amount from Europe, So could you give some flavour on that. So I'm just trying to assess how much is that import dependence and whether they will be able to manufacture more compressors in house or not.

MANAGEMENT: So it's not should be looked at a compressor level harshit it should be looked at a component level, right. So even if you take a company like which has a factory in America, quite a few of their components are imported from all over the world, right. Whether it is India, whether it is China, whether it is the EU right. So in Ingersoll Rand in one of the in one of their calls has said that the estimated annual impact on because of tariffs is \$150 million. So it's very difficult to make an estimate exactly how much of it by is going to impact which company, right. Almost every company has a significant import content in their manufacturing activity in the US.

HARSHIT PATEL: Understood so that's what so just lastly only vacuum products front. So could you share the update for the last quarter? I think you had elaborated previously on our localization plan. Our sales team was in a build-up stage. We had already started receiving the orders. So where are we right now and how do you foresee FY26 to plan out in this business?

MANAGEMENT: So the plan is progressing as per our schedule. We have the full sales team and service team is in place. A localization as is progressing well. We have almost all the products that we wanted to the parts have been developed that we wanted to localize. The parts have been developed. So we are progressing as per schedule there. Sales is, you know, we can't report, give you specific number for sales, but the growth has been good and really speaking you know in compared to the overall numbers of and the standalone basis, they're very, very significant. Insignificant so but. Moving well.

HARSHIT PATEL: Perfect. Thank you very much for answering my questions and all the very best.

MANAGEMENT: Yeah, yeah. Thank you.

MODERATOR: Thank you, Harshit. Moving on, Sir, we have the next question coming from the line of Ravi. Ravi, you may unmute yourself and go ahead.

RAVI SWAMINATHAN: Hi Sir. Very good morning. Congrats on a good set of numbers.

MANAGEMENT: Thank you, Ravi.

RAVI SWAMINATHAN: My first question is with respect to the standalone or the India business. In terms of outlook and demand across various sub segments, how does panning out last couple of calls, you had mentioned that there seems to have been some bit of dip in inquiry levels. Has there been a recovery in terms of inquiry. So your thoughts on how India business is likely to pan out.

MANAGEMENT: So, Yes, I think I mentioned that inquiries are continuing, but the finalizations are getting delayed, yeah. That is, continuing inquiries are still healthy. There is no problem, but people are. There is a wait and watch approach. There are certain industries that are progressing well, like textiles for instance. They're coming out of a very, very bad couple of years. So there is overall positive impact. With or without tariffs, because there is an issue in Bangladesh, there is an issue in China. So there is a certain positivity there. So sectorally there is good stuff happening. But overall, I think there is no concern in India yet, but it's early days to figure out what the tariff impact is going to be.

RAVI SWAMINATHAN: Yeah. So is there a possibility or is there a very high likelihood that the revenues can grow in double digit or it's like you would expect the entire India business to grow by like a high single digit kind of growth.

MANAGEMENT: So assuming India remains whole economically and there is no impact of tariffs globally. I expect India to grow double digit, but I would probably say low to mid double digit.

RAVI SWAMINATHAN: Understood, Sir. And in terms of mix and profitability, how to think about it. So at a standalone level, we are at a end of a lifetime high of around 21% in terms of margins and the mix, if you see if you could do a broad contour, what is the mix in terms of Let's say the piston, compressors and the screw compressors and how is it likely to change after sales service.

MANAGEMENT: Yeah. So I don't want to get into the specific breakup of products Ravi, that would be too competitively sensitive.

RAVI SWAMINATHAN: OK.

MANAGEMENT: But you know right now if you look at the profile of our India business, the shift in profitability is going to come from the mix between products and aftermarket. Right. The profitability shifts within products. Is not going to materially alter it. Maybe quarter on quarter kind of shift in variation, but if you shift in product mix stuff, but if you annualize it by and large, it is at a stable structure. So that real shift in the profit structure will come when the aftermarket starts moving up and that's one of our initiatives to really. Improve it, right and we will continue to work on it. And that's really the logic of this business. You know, the logic of this business is to sell machines so that you're able to get a steady stream of after market which is more profitable than selling just equipment. We are on track there, right. So you've seen that shift happening in India over the last probably 10 years.

RAVI SWAMINATHAN: Understood, Sir. Yeah. Thanks a lot. I'll come back.

MODERATOR: Thank you, Ravi. Sir, the next question is from the line of Mr. Khush. You may unmute and go ahead with your question.

MR. KHUSH: Yeah, I'm audible, Sir. Thank you for the opportunity.

MANAGEMENT: Yes, sure.

MR. KHUSH: Yeah. So just couple of questions. So one, it was more of the industry side. So I know that you know we're more on the air compressor side. So if you can elaborate something on the industry, for example, you know what kind of imports we are facing today in terms of percentage or quantities. And how are we placed for our India business. And who are competitors are, and do we see the shift of, you know, India sourcing more locally rather than imports, NEBIS regulations etc. So first question was on that. My second question was on a consolidated basis, what kind of revenue targets we are coming up with. What kind of revenue growth and sustainability margins on a consolidated. Say in the next three years.

MANAGEMENT: Yeah. So Let me try and answer your first question in terms of import content. That is, you know where the, we are probably the only significant player that has the highest local content, right. So what we import to make our compressors is less than 8% of our total manufacturing, I mean our buying content right. So it's a very, very small part as far as our competitors are concerned, they also manufacture the significant ones. They also manufacture in or at least assemble in India. Their percentages are significantly higher than ours. Then there are the third category, which are fully finished machines. That are coming in primarily from China. We think that the size of that market is anywhere between 25 to 30% of in volume terms. If they sell primarily on the low end of a low kilowatt machines, not in the high kilowatt, now what we have done is basically you know our standard machines, the performance and cost points are significantly higher and we can't compete with these the cheap Machines coming in from China. So what we have done is developed a range of machines. Which are compatible in terms of performance with the Chinese machines, but quality is to our standard, right. So we have not compromised on our quality, but just looked at lower performance. So that's a segment that seems to be evolving all over the world and we want to be, we want to use India as a opportunity for us to respond to it. I think we have done a great job because initially, when we looked at the prices it looked almost impossible, but as we went deeper and more granular into understanding what exactly those machines were delivering, we were able to almost meet those price points.

So we're quite optimistic about taking on a big share of that 30% where none of the players are really playing because it's the prices are ridiculous. So that's where we are. So in terms of giving you a guidance, I would not do that. I would wait for the next investor conference right now. Five years ago, we gave a guidance about our top line 450 million. And the EBITDA of 16% and the return on cash capital employed of 30%. We will be able to achieve these numbers in 25-26, so that is really what I can give as a guidance now. Next investor call. I mean investor meet in February, we will renew our forecast for the next either three or five years.

MR.KHUSH: Fine, thank you for the detail answer. Just one last question on the competitive landscape, moving wish to enter other segments apart from air compressor with one of our comps is into other segments too like refrigeration, gas etc.

MANAGEMENT: Yeah. So, we have consciously stayed away from refrigeration and gas. We explored that opportunity many years ago, and it's not that there is no opportunity there. But we found that the opportunity in air is significant enough for us to focus on that and that's what we're doing. In terms of adjacencies, we've already launched our dryers, which is a pretty significant market. It's a great product that we have developed that's into the market. Already it's not only in India, but it's global. And we are expanding the range of our adjacencies by either looking at acquisition opportunities for specific adjacencies or in House development of these adjacencies, which is really what our growth path is going to be.

MR.KHUSH: Right. Thank you.

MODERATOR: So the next question we have is from the line of Manish. Manish, you may please go ahead with your question and unmute the MIC

MANISH: Yeah. Thank you so much. I hope you're doing well.

MANAGEMENT: Hi, Manish. I'm well, thank you.

MANISH: Few questions. First on the guidance. So what probably we're looking at 10% growth on a consolidated basis.

MANAGEMENT: Yeah.

MANISH:

So does it imply that international would probably grow single digits in the FY26. And also related question are on the margins front. That if India continues to do well and then we have guided for almost a percentage improvement in margins. We still don't see a significant improvement in international margins. This was the first set of questions.

MANAGEMENT: Hmmm ok so, Yes. If you look at our numbers in 24-25 and the projected number that we had given five years ago, 450 million, that roughly converts to about 10% growth, you're right now. So, that is general direction Manish. In terms of the split between the two. I expect India to contribute a little bit more than the rest, but that's on a very conservative basis considering the current situation with the tariffs and especially Europe. So, as per our expectation, without all these concerns about tariffs, assuming the whole world comes back to a normalcy, we expect all the regions to grow. As much as India, you know in terms of double-digit growth. But this is a conservative view. As far as profitability is concerned, we will hit. We were already hitting close to 16% even this year manish. It is just that one-time expenses and clean up that we did that dropped out EBITDA. So what is going to happen is that is not going to get repeated. In next year. And therefore, we're quite confident that we'll be able to hit those numbers.

MANISH: Sure. OK. No, Sir. I was probably looking more on the international side of the margin profitability improvement. So like we already achieving that even in Europe and in US as well and hopefully US should do well.

MANAGEMENT: Yeah

MANISH: So probably I'm looking from a point of view that your guiding for a conservative sequential.

MANAGEMENT: Rather that we are conservative under certain conditions of uncertainty, Manish.

MANISH: Yeah. Yeah. OK and so on. How is the progress on the compilation order for Railways for Siemens and how is railway's business picking up and have you made any more breakthroughs in Metro Rail with probably references from supply to Siemens.

MANAGEMENT: So the railway business that Siemens order that we won, we have supplied and you know our Prime Minister inaugurated the first locomotive. And if you actually see the video of that locomotive running on the tracks, you will see in the undercarriage of the locomotive. A device with a red band and that's an ELGI machine. That red band is our better band. That is there on all our machines. That's really our ELGI machine, so we have these have the machines have been validated, tested, gone through all kinds of high temperature, low temperature, vibration and everything. And now they're going into the field. So this is the start of the Siemens business. Overall, railways is a business. It's not a big contributor, but it is. It's something that we have always been strong. We have not had any big breakthroughs yet in the metro, but there are good, strong conversations that are going on with global OE'S because if we don't get homologated globally, it is very difficult to supply in the Indian metro market. So there are some strong conversations that are going on and with our experience developing the machine that we developed for, Siemens is an outstanding experience in terms of customer expectations and our ability to fulfil it. So we've learnt a lot from that and with that capability, we are quite confident that we can. Get into those relationship, but that's more a 5 year. Journey rather than you know, annual journey.

MANISH: And how do we see the temper for the Siemens business execution. I believe recently in their analyst said that probably in couple of months they should be able to start commercial production.

MANAGEMENT: Well.

MANISH: Even they are going through homologation of their locomotive.

MANAGEMENT: Correct. So I think we will see some movement of the business during the third and fourth quarter of this year. But I think next year we will see more of a significant you know improvement in the in that model of compressors and locomotives. But still, you know, we're still going through some, you know, uncertainties as to you know there are budget allocations and that's a function. So all that is there, you know.

MANISH: Sure.

MANAGEMENT: Yeah.

MANISH: And on the motor side, you did mention that this year will be almost meeting internal requirements to the extent of 50 to 90%. So in terms of capacities, How are we positioned.

MANAGEMENT: Yeah. Yeah, we started the investment in that a while ago, but unfortunately we were let down by the 1st supplier of the machine and then we switched to another supplier. Unfortunately, the supplier was from China and we got the equipment, but they couldn't come and install it because visas were not given for Chinese. So now that is opened up and the machines are getting installed. So we're quite confident. That we have the capacity. That's not an issue.

MANISH: Thank you very much. And I'll get back.

MANAGEMENT: Thank you.

MODERATOR: Thank you, Manish. Next question I have is from the line of Vipul. Vipul, you may unmute yourself and go ahead. Vipul. I think he has some technical issues, Sir, but probably what I'll do is I'll take a couple of questions from the chat window first. First question was around Siemens, which I think you've already answered.

MANAGEMENT: Yeah.

MODERATOR: The second question is, If you could point out the reason of why the why there was a higher growth in revenue and profitability in this quarter. And the second part of the question is also how the stabilizer product is doing. Have we received any revenues from it in Q4. Or is it still in early stages.

MANAGEMENT: The see typically there is a hockey stick always in ELGI and in India in the last quarter. So that's one of the contributors for the increase in the in the revenue. The second is Europe did very strongly for us in the fourth quarter, so that is was a significant contribution. So and US also, by virtue of both the industrial and the medical business did very well in the fourth quarter. So it's a combination. It's not one particular thing. It's a multiple of things that contributed to the last quarter thing. That's always been a hockey stick there. Stabilizer, like I just explained, multiple machines are out in the field. I expect to see a full launch during the third quarter, and we will start to see some numbers.

MODERATOR: That is what we have in the chat, Sir. The next question I'll take is from the line of Samyak Jain. Samyak, You may unmute yourself and go ahead with your question.

SAMYAK JAIN: Good morning, Sir. Just one question from my side. We see that on a consolidated basis the cross margins are written 11 quarter low. So I understand that some part would be at can be attributed to the one time cost that you had, but if you could throw some light like what was the reason for the lower gross margin, that would be helpful.

MANAGEMENT: So when you meet, when you are referring to gross margin at which profit level are you looking at Samyak.

SAMYAK JAIN: The material margins reduce after reducing the raw material cost.

MANAGEMENT: At material cost or contribution is actually good compared to the previous one, so I'm not able to connect with exactly your question.

SAMYAK JAIN: Sir 49% in quarter four versus. 51% in the previous year.

MANAGEMENT: Yeah.

SAMYAK JAIN: And I'm taking all the raw material cost purchase of finished goods, etcetera to compute this cross margins.

MANAGEMENT: Yeah. So some of the expenses that we have taken hit is inventory. And when you take it on inventory, it affects your material consumption, right. So it's only that otherwise business as usual, margins are quite constant and healthy.

SAMYAK JAIN: Ok, It's just the one-time impact that has.

MANAGEMENT: Yeah, yeah

SAMYAK JAIN: Got it, Sir. Thank you.

MODERATOR: Thank you, Sir. We'll try the line of Vipul again. Vipul can you unmute yourself and go ahead with your question. Hi Vipul

MANAGEMENT: I think it seems to have continuing to have that issue, yeah.

MODERATOR: Yeah. So, we'll move ahead of it. one second. Not being able to see the queue. Yeah. Next question. We'll take it from the line of Prem Doshi. Prem, can you unmute yourself and go ahead with your question. Hi, Prem. Seems to be a problem again. So what I do is I'll take Ravi again.

MANAGEMENT: Yes.

MODERATOR: Hi, Ravi. Can you unmute yourself and go ahead with your question?

RAVI SWAMINATHAN: Yeah. Hi, Sir. Thanks for taking of this follow up question. So I am looking at kind of the numbers consol minus standalone and looking at the Subs number and taking it as a proxy for our international business.

MANAGEMENT: Yeah.

RAVI SWAMINATHAN: In terms of profitability?

MANAGEMENT: Ravi.

MODERATOR: Ravi. Ravi, you're you moved on mute again. Could you please unmute yourself?

RAVI SWAMINATHAN: Yeah, yeah, yeah. Now am I audible?

MODERATOR: Yeah, yeah, yeah. You're audible.

MANAGEMENT: Yeah.

RAVI SWAMINATHAN:

Yeah. So with respect to that international profitability, I mean it has been in that range of 6 to 8% high single digit range and we have been, I think employ investing on employees, fixed costs, etcetera, across geographies. In terms of that, those investments which we have been doing across years. Is it likely to taper off in the next few years, which can start contributing to operating leverage for you from an international business angle, both in terms of head count and the associated infrastructure investments.

MANAGEMENT: Yeah. So if you look at the profitability of the international business outside of India, the rest of the world business. You know what you're saying, What the arithmetic you're doing is correct. I mean, I mean, notionally correct, you're taking the console profit and mining the standalone profit and you're saying pretty much there is very little left. But the fact is there is a profit. In India, which isn't reflected in the standalone business on the sale from India to the subsidiaries, right. So that's one level of profit which is not readily visible, and it's not something that we would like to, you know, make a big disclosure on.

RAVI SWAMINATHAN: OK.

MANAGEMENT: OK. That's one part of it. But that's not a significant part. So if you look at, if you go back to the post COVID year and you look at Before our LN implementation, ERP

implementation in the US. If you look at that arithmetic, the US contribution was pretty significant, you know.

RAVI SWAMINATHAN: OK.

MANAGEMENT: And there is no reason why you cannot come back to the same levels, right. So we are working on two things. One is to grow the top line. And towards that, we are focusing on only investing in revenue producing roles and we are trying to through shared services and offshoring some of the overhead processes. We are reducing the overheads in all these locations all over the world, so that's an ongoing exercise in the next couple of years, we will see some significant reduction in overheads by virtue of this process. So through a combination of both investing, I mean growing the business, investing in revenue, producing role offshoring some of the overheads that are there, we are structurally correcting some of these businesses so that we are able to, you know, eliminate costs and improve profitability.

RAVI SWAMINATHAN: Understood. Got it, Sir. Yeah, thanks

MODERATOR: I'll take the next question from the chat room. Prem, whose mic wasn't working. So he's put up. So what is the guidance for the consolidated revenue growth. We are for FY26 both conservatively and aggressively. This FY we had a revenue growth of around 9% and Is there a better outlook going forward for the same.

MANAGEMENT: So Prem, to answer your question, I think I answered it in the context of somebody else's question. We have given a guidance for 25-26 as part of our five year guidance that we did five years ago. We are quite confident that we will hit that that you know, I don't want to get into aggressive and conservative, but that's really our projection which is \$450 million of top line revenue. 16% EBITDA and 30% return on capital employed. So we're confident that we will hit these numbers now we, yes, we have grown about 9 odd percent this year. Will next year be better than this. Again, I don't want to put anything on the ground because a lot of uncertainties at the moment with respect to the US tariff and its impact. Rippling impact on the various economies. Of the world, assuming it is, everything comes back to a steady state. Nothing negative, and India continues to be a good story. We should be able to do this. Minimum do this same growth as last year.

MODERATOR: So the next follow up question from the chat is, does ELGI have any role to play in Indian defence manufacturing moving forward moving to India. And other products already there in offering or said to be introduced for the defence manufacturing industry.

MANAGEMENT: No, we don't make anything that is directly related to defence, but we supply a lot of our compressors. In. For defence units in their maintenance. Plus, the joint venture, ELGI Sauer is a big supplier of compressors for submarines, aircraft carriers and destroyers. Frigates. We are one of the largest suppliers in through the joint venture.

MODERATOR: Sir, I'll take it from the line of Mayank now. Mayank, you may unmute yourself and go ahead with your question. Mayank.

MANAGEMENT: People seem to be having difficulty on muting and speaking. I don't know why. Mayank spoke earlier, did he not.

MODERATOR: I think so. Sorry, did it was a follow up question Sir.

MANAGEMENT: OK.

MODERATOR: I'll take the next question again from the chat window

MANAGEMENT: Yeah.

MODERATOR: Sir, How much of the revenue is after sales and will that run rate continue going forward or there is a chance of improvement after sales in maintenance contracts.

MANAGEMENT: So there is a big difference in the after sales as a percentage in India versus the after sales percentage in the rest of the world primarily because. The after sale is a function of the installed base and the install base of machines is more in India and less in the rest of the world. So this is a progressive increase that happens in when you install machines, your aftermarket keeps growing. Now, having said that, in India our aftermarket would be close to, I don't have the numbers readily in front of me, but I'm making an intelligent guess. It's about 27-28% is on our revenue in India in the rest of the world, we are probably around 13 to 14% right now in both these percentages have to keep improving as we progress through the life cycle of life of the of the. Operation, I mean I we get more and more machines installed then there is more and more aftermarket coming in.

MODERATOR: Yes, so I'll try Vipul once one last time in case if he's able to do it. Hi, Vipul can you unmute yourself and go ahead with your question. I don't think so. He's able to do that. So, so that was probably the last question on the line and then the chat window, yeah.

MANAGEMENT: Yeah, yeah, yeah.

KAMLESH: Hi, Jairam this is yeah, just one question from my side Jairam about Europe.

MANAGEMENT: Yes, yes.

KAMLESH: Can you elaborate in terms of the strategy, how it is working. Are we on track to have a break, even achievement in this year FY25-26 and incremental cost that may come towards the ramp up that we had planned as per earlier strategic plan please.

MANAGEMENT: Yeah. Yeah, sure, kamlesh. Now to answer your question. Except for some one-off things like our tax consulting that we had to do, we have broken even in Europe this year as we anticipated the like I said, the last quarter growth was quite strong in Europe

MANAGEMENT: But the only caution here now is the Tariff other than that, we are not pretty strong wicket, right. But we are watching the situation very carefully. We are not going to invest anything more, right. What we are going to do is in response to any, if there is any challenges, we will look at cost structure changes, not in terms of you know this Willy nilly. reduction in cost, but structurally change the business to see how what is the appropriate structure for the new reality and then bring the cost down to that reality, right. So this is something that we are going to watch very carefully in the first quarter.

MODERATOR: OK, great. OK. Thank you very much Sir. Any closing remarks you would want to make.

MANAGEMENT: Nothing specific. I think overall we are in. Good, exciting times. Some uncertainties, but the company is on a stable platform and wicket we can continue to grow from here and we expect as the growth happens, we are quite confident that there are, there will be no surprises in terms of achieving the profitability that we that can come from. That growth, yeah. So again, I want to thank Kamalesh and his team and Asian market security for hosting and all of you. For participating in this call. Thank you very much.

MODERATOR: Thank you, Sir. Thank you.

MANAGEMENT: Thank you.