



March 4, 2026

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 Sir/Madam,

**Subject: Transcript of Annual Analyst/ Investor Meeting 2026 held on February 26, 2026**

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 Annual Analysts/ Investor Meet held on Thursday, February 26, 2026.

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**



**ROHIT GUPTA**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**  
**MEMBERSHIP NO.: A12422**

Encl: As above

## **ELGI EQUIPMENTS LIMITED**

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## Annual Analyst/ Investor Meeting- 2026

### Jairam Varadaraj:

Good afternoon, ladies and gentlemen. Thank you very much for taking the time out to be with us. As promised, we have brought the show to Mumbai and I hope I can see that it's very popular because generally when we do it in Coimbatore, we have one-fourth the number, so it's great to have all of you. As per your request, we are going to speak less in our presentation and give more time for the Q&A. So having said that, I want to move quickly towards what I want to say. You've seen this multiple times. I don't want to say too much it is just a status of where we are in terms of the size of the organization. Only highlight is this is last year's number. We'll talk about estimate for this year in the subsequent presentations. Our purpose is critical for us. This is what drives us. Our purpose is conscience in action and these seven values drive our behaviour across all our stakeholders. Now, earlier what was in the left-hand side was our values. We have now converted some of them into verbs, verb form and we have also removed some and added a few and this is really what guides us.

Our presence globally, not much of change. We still continue to do business in 120 plus countries, 28 countries where we are directly present and manufacturing in three locations. On the left-hand side are the subsidiaries that we acquired and continue to run. On the right-hand side are our joint ventures that we have both in the U.S. and in India and we have a license agreement with DVP for vacuum. Our leadership team on the left-hand side is our corporate team and on the right-hand side is our team driving many of our regions. A little bit of history. 1960 we built. The transformation really happened in 1992. We started changing the direction of the company. 1992 to around 2013 is when we built the foundations for the company. 20 years in terms of technology, in terms of experiments with various strategies, manufacturing systems and in 2013 we said OKAY now we're ready to go and conquer the world and that's where we started and that's been the journey since then. Various events during that time and now we are in 2026, and we continue to remain strong, continue to go down the path that we set out for ourselves in the early 90s. Manufacturing is one of our prides of ownership. We make some of the best compressors in the world. Quality is the best in the world, no doubt about it. Performance is the best in the world, there is no doubt about it. This is something that just didn't happen over time. I mean suddenly; it took us almost 25 years and we still continue to invest in that. We do strategic, selective, backward integration and this is a reflection of all that we have done. Foundry, motor production, our own pressure vessel and some of the machining that we do and the machines that we build for ourselves. Deming was a great milestone for us, but Deming is just a milestone, it's not the end and for us, we are not happy with where we are. I think there is a lot to be done, lot more to be done and we are continuing to drive that in the organization in the fundamental principles of TQM.

Product offerings, I think my colleagues will be talking a lot more, but this is just a glimpse of what our application industries are. This is one of the virtues of being in the compressor business, we are not dependent on any one industry. We cut across all, so utility just like electricity, every factory needs it and that's the advantage that we have in our business.

Various types of compressors for various segments of customers, different both industrial and portable and construction and mining, small compressors, large compressors, accessories and all kinds of downstream filtration systems. Great products for the railways, the one on the left here is the one that we finally won the tender from Siemens, the supplies have started, is doing exceedingly well. Our accessories, so this is really what I wanted to present, and we'll come back and take your questions. I'll then request my colleague next to come and present.

**Moderator:**

Thank you so much Dr. Jay for perspective on ELGI's purpose, progress and global direction and now I would request Mr. Anvar Jay Vardaraj, Executive Director to take us through the region-wide sale performance. Over to you sir.

**Anvar Jay Vardaraj:**

Thank you everyone, it's a pleasure to be here, I appreciate you having us. So, I have the honour of taking you through some strong performance for the year and get to represent some of our regional leaders here to share the performance. So, starting with ISAAME, so ISSAME includes India, South Asia, Africa and Middle East. We've done very well this year, we expect to close with a strong set of numbers and when I look at our core segments which is the industrial business, construction and mining and railways, we've grown very well and I think the common thread across these segments is that our teams especially in sales have done a fantastic job of identifying new opportunities and converting them at high levels of quality. So just to give you an example, we've run a go-to-market project in our industrial business and the core of the project was to go out and identify new opportunities and new customers and why that's so important for our business is that the nature of customer behaviour in compressed air is that there is a general tendency to stick with what you have. It is not a productive asset in your factory and as a result, unless the existing manufacturer has done very badly, the tendency is to rinse and repeat. So, the ability for us to identify where these opportunities are and build relationships in advance of a replacement ends up being critical to us converting that customer to ELGI in the future. So, knowledge of that customer and visibility ends up being the first challenge. The second challenge is when you do get to the table, what is it that you bring in order to make a compelling value proposition? First one is obviously how we communicate our value across reliability, energy efficiency and service but the second is bringing actual meaningful technology to the forefront and this is where tools such as Demand=Match where we're able to provide energy efficiency and reliability without any compromise on either cost or total cost of ownership ends up being an important tool for conversion. So, these are just two examples of how we've been able to win in the market and especially as we continue to look to grow the brand, we continue to invest in not just go-to-market initiatives but also continuous technology improvements as well. So, I talked a little bit about our initiatives in India.

So going into the Middle East, I wanted to talk a little bit about that because we hear that there's a lot of bullishness about setting up manufacturing, general investment and production and this is a market that we've been investing in for a long time. In fact, we went through two phases in these markets. So taking UAE as an example, we first started off with a channel-only model and once we realized that the channel-only model could get us to x percentage of growth, we have now pivoted to direct sales and this is a very important market for us because we've taken a lot of the learnings that we've had from our India go-to-market strategy both from a talent perspective, people who have helped us succeed in India and also from a process perspective to adopt in this market. So, we are very well set up for the opportunities that will come up especially in the UAE and Saudi. Southeast Asia for us has been a refreshed market for this year and primarily we focused on bringing on board new leadership that can help us co-create a new strategy for these key regions. The market is very attractive, upwards of 700 million dollars annually and we now have the product portfolio both in terms of the high end of the segment where customers value efficiency and also in the low end of the segment where it's more price driven. So, I'm actually quite excited to see what this market will bring forth for us in the next few years. What didn't really work so well for us, partially not in our control; Some of the US tariffs as my father showed the different segments, they had varying impacts on the different segments. So, at a point at which the tariffs were upwards of 50 percent, customers in segments like textiles weren't necessarily

keen on upgrading or investing in new capacity. Now with a little bit more stability expected, we expect to see some investments coming up. But I think this is also another example of how some of the bearishness in industries such as textiles have been offset by other industries that have grown well for us including semiconductors.

So, moving on to North America, our second largest market. So just as a brief overview of our North American business, our North American business is comprised of four divisions. First ELGI Industrial, this is the business that supplies air compressors to independent distributors throughout the country. Second ELGI Distribution Operations, this business houses the two acquisitions that we've made in distribution, Patton's and Michigan Air. ELGI Portable Compressors, this is the business that sources portable air compressors from Rotair to supply for infrastructure and rental applications in the US. And finally, Patton's Medical, the medical air and gas business. Now we've had a very good year in North America, record revenue driven by the ELGI Industrial business and Patton's Medical. In the ELGI Industrial business, we've doubled our sales capacity, basically the number of people who are calling on distributors and this has effectively helped convert a lot of distributors from competition to our fold. And we continue to have a good momentum at the pace at which we're converting distributors. Patton's Medical has been a success story as well. We've been expanding in regions such as California and the Northeast, in New York, where we've had relatively lower presence. The Portables business has been a challenge, and this is primarily due to the tariffs from Italy. Now the Portables business is structurally not as profitable business because it doesn't have a large aftermarket component, and the overall profitability of that business is lower. So, when we had 17 percent tariffs, that effectively hurt a lot of the profits at North America. Now unlike our industrial business, we had fewer levers to address that during the year, but we have kicked off a couple of projects to be able to undertake some transformational measures to improve the profitability in the business. But I think one thing that I'm extremely proud of and a big credit to some of our cross-functional leaders here is that we have significantly improved the operational hygiene of ELGI North America, which means we've been able to bring in a lot of rigor to areas such as inventory management and AR and cash and also we've been able to move a lot of the cost for non-revenue activities to India. I expect that we will continue to do so, which means that we will have a lot more investment that we can unlock in revenue-facing positions and activities. Just the last thing that I want to say is that the distribution businesses, this is a bit of a mixed bag. So, the distribution business has two components. One is the direct sales of equipment and then the service of equipment. The direct sales of equipment was below target and there's a number of reasons for this. One is our brand being less well known requires a lot more investment at the top of the funnel, marketing enablers, brand pull and such. And so those investments will take time. We started doing this last year, so I expect to see significant growth at the last quarter of this year and also going into the new year. That's point number one. Point number two, the bright spot is our service business. This is the service of not just ELGI equipment that we've sold but also multi-brand air compressors. This business has been on target both in terms of revenue and profitability and we've significantly reduced the cost of running that business. So, in the next couple of years, I expect to see transformation across both of these businesses. The success of this business is very important for ELGI North America because ultimately as we move, as we saturate the distribution channel more and more, we need to be able to effectively run a direct sales organization.

So, moving on to Europe, as an overview Europe comprises of two areas for us. First is the Rotair business which is our manufacturing facility for portable air compressors based in Italy. One of the largest customers is ELGI North America amongst other large customers in Europe and the Middle East. and second is the ELGI Europe which is the equivalent of the industrial business in

North America. Europe has been a challenge for us. So, our core markets include Spain, UK, France and Italy. Across these markets we've grown share but all of these markets have very low rates of growth. In fact, some have been de-growing. So, which means that only the replacement market is really accessible to us. So, as a result our growth numbers have not really been in line with what our overall expectations were. But we've pivoted quickly, we've restructured that business, we've moved a lot of operational cost out and we've instead reinvested in more of a direct sales force in some of those key markets. I expect that some of those investments will start to bear fruit in the next couple of quarters. But generally, we've significantly reduced the cost base of the business and as my dad said in the next couple of years I expect to see strong profitability. Rotair, the tariffs have been a challenge. The largest market has become less profitable for them and like I said we're working with the Rotair team now to bring about a few transformational initiatives to reduce cost.

Next, Australia. Australia is a very stable and profitable market for us. Australia is probably structurally the most profitable market which means we have the best pricing and margins on the equipment and also on service. Given that it's a remote location that tends to be the case for most categories in Australia. So, Australia is made up again of two businesses. One is ELGI Australia which supplies air compressors to channel partners across the country and here we've done a fantastic job of being able to onboard new distributors which is a fantastic effort given that you have a fairly limited set of distributors that have been quite loyal. So, the strength and performance of our machines and unbeatable pricing are two levers that have really driven that. The second business is our Pulford business which is the equivalent to Patton's in North America. It's the direct sales and service organization. We've actually restructured the sales organization and in places like Sydney they've done a fantastic job of gaining market share and whereas we still have a long way to go in places like Victoria, Melbourne where we're starting with a low base and there's a lot of opportunity. The service business does need some improvement and similar to Patton's we've brought about some technology tools that will automate the service process which will allow us to spend much more time with customers. Overall, we're pretty confident that we have a good foundation in Australia for us to continue to grow and the market will continue to stay stable.

So, I won't spend too much time on this, but this echoes what my father was saying. This pie chart shows the breakup of our business for the industrial screw air compressor range in India and I think the key message here is really the diversity of industry that make up our customer base and in fact even the largest segment which is 30 percent general engineering is probably made up of five to ten industries that are actually quite distinct such as fabrication and woodworking. So, with our channel and direct approach we have effective access across these different segments and we have very key strategies that are quite distinct to be able to tackle customer needs across these different segments. Moving on, this is the same pie chart for the oil free segment which tends to be less diverse and oil free air for example with pharma is absolutely critical. It's almost a statutory requirement that for their processes they need oil free air and also when you look at our second biggest segment such as with power plants you need it for instrumentation and for applications such as power that also have high volume of air required. Oil free air tends to be more energy efficient than lubricated compressors. Most of our oil free portfolio or rather all of our oil free portfolio goes through our direct channel which means our sales people and our service people cater to these customers because there's generally a higher level of sophistication and this segment has also been included in our go-to-market efforts where we go out and actively try to find new customers and finally construction and mining where we have the least customer diversity. So, the biggest segment is construction so if you ever see a construction site hopefully you see an ELGI machine that's attached to a jackhammer that's used for road construction. On the mining application blue metal quarry is one example where our machines run and finally for

water well applications especially popular down south where our machines work for rig operators that are putting in bore wells. Lead time availability and reliability is extremely key for this business and I think the one thing that we've done a fantastic job of credit to the product management and R&D team is that we've been much better and faster about bringing on product upgrades and new products to ensure that the changing needs of the customers are being addressed. So, thank you very much for your time and attention. So, I will hand it off back to you to introduce the next person.

**Moderator:**

Yes thank you so much Mr. Anvar. Next up ladies and gentlemen I would like to invite on stage Mr. Indranil Sen, Chief Financial Officer to take us through the business performance.

**Indranil Sen:**

Thank you, Anvar, for taking us through the business segments in detail. Ladies and gentlemen hope you're having a good time. I have few slides. I'll let the numbers do the talking but give you some context of how we have performed this year in spite of various challenges that came during this year. So I think as a start point we all were faced with tariff as a subject this year and we kind of successfully navigated that challenge through quick actions in terms of our ability to pass on some price increases to the market. We were also quite sharp in terms of our ability to accelerate our cost reduction programs both on the development side and also on the indirect overhead spend side and that's how we kind of navigated that challenge.

So, the combination of all the segments will result in about 11% growth for us in this fiscal. I think the parts are clearly articulated. ISAAME still continues to be our main revenue bearer but what is more important and pleasing to see is North America. I think North America if you would have seen in Anvar's slide, we are now gone back to our FY23 levels. FY24 we had a hiccup due to our ERP implementation. It took us a year to kind of consolidate back and I'm happy to report we are back to the levels that we were in FY23 which also has given us and also has been backed by some of the processes that Anvar talked about. There have been the processes that have been more stable now, so hence we are able to get some solid results. Industrials, medicals and portable all three segments kind of fired this year. Distribution operations remains an area of focus but we are quite confident that we have a roadmap in place for us to turn that around in next year. Europe as a market I think was constrained by the macroeconomic condition also by virtue of tariff. Indirectly a lot of Europe exports to US in our Rotair business got impacted because of tariff and hence the growth that you see is quite minimum. It's more break-even performance. Australia also I think the industrial business grew well. The distribution business is where we still have some work to do and Australia also had some good one-time opportunities in the last fiscal so currently those are not there. ATS similar to ISAAME has been registering strong double-digit growth every year. So combined as a group we've got a 11% growth. There is an impact of exchange, but about couple of basis points of exchange gain also helped us boost this result. So, it's adjusting for exchange our growth would have been about 9%.

This is a slide which talks about the mix of performance of India and the foreign subsidiaries. Broadly in the last three years the mix has remained same which essentially is a good sign, which means in spite of the fact that India is growing the foreign subsidiaries continue to hold fort and the fact that this year North America had a major turnaround coupled with their sales numbers has helped us continue to retain this mix. As a result of this, the fact that we've generated more cash in our overseas subsidiaries, helped us pare down some of our loans and with the help of better working capital management, we also kind of reduced our working capital levels. Profitability wise, I think this is a question that we keep getting all the time and we keep getting asked questions on how's our cost structure, what are we investing and there's a lot of questions

around our employee cost and other fixed cost. I think overall landscape this year we had tariff. There was an impact of tariff which we were able to navigate. We were also benefited by obviously some opening inventory sitting in our subsidiaries. So, net of that there was an impact. Then we also had a scenario in the third and fourth quarter where we were seeing the cost of base material cost going up. There is a significant amount of cost increase. That's something which is coming on and we are trying to pass on some of those price increases. We've also talked about in the past that we will be investing about 1 to 1.5 percent of our top line into initiatives. Initiatives which are go-to market in nature, initiatives which will boost our support function capability or IT infrastructure. So, that is something which is also big thing. So, in spite of all of that I'm happy to report that we've been maintaining a constant profit trajectory for the last three years and I think directionally it should continue like this for another year or two and post which I think we will start seeing a margin expansion on the bottom line. Another interesting thing if you see at the bottom of the pyramid, is Europe. I think we have been talking about Europe as a separate component. We have been reporting Europe as breakeven for the last couple of years now, which means the combination of cost restructuring that we have done has actually helped us make Europe breakeven. North America is actually profitable if you take out the impact of tariff North America has registered profits this year, which is a very pleasing information for us because that gives us a lot more opportunity to reinvest that profit back into go-to-market initiatives in the US. My last slide is on cash. Again, the last couple of years very strong focus on working capital. Our EBITDA to cash conversion is post 90% before tax. Net working capital, we have not added working capital in spite of growing our top line by 11%. We have been maintaining our working capital at similar levels. Testimony of the fact that we've managed to do good work in AR. Still, some work to do in inventory, but we are hopeful that we will continue this trajectory. Interestingly, we have also seen that in spite of CAPEX, our CAPEX cycle has now started to come into play. MK2, part phase 1 of MK2 is almost close to getting done and phase 2 is now kicking off and we will also start seeing a similar trajectory of CAPEX in the subsequent years. So that's my last slide. Thank you.

**Moderator:**

Thank you so much, sir. Next up, ladies and gentlemen, I would like to request Mr. Premendra, Chief Strategy Officer, to take us through the strategic business plan including new products and features. Over to you, sir.

**Premendra:**

Thank you, Indranil. First of all, thanks to all of you for joining us today. We'll start with where ELGI is with reference to the global air compressor industry and then we'll talk about how we have delivered with respect to our strategic business plan. So, what you see here on the left-hand side is the overall global air compressor industry. In FY26, it's expected to be around 23 billion dollar and market is growing at 3.5% CAGR. For the same years, ELGI, its operating revenue has been growing at 6% CAGR. We closed last year at USD 415 mn and expected to close somewhere close to USD 440 mn this year. Now these numbers that you see, USD 415 mn and USD 440 mn, are actually adjusted for exchange rates. So, they are not at constant exchange rates. So, what does this growth mean for us? This is the slide where you see the top 10 players in the industrial air compressor industry. Atlas Copco is the leading player and together with Ingersoll Rand, they occupy nearly half of the market, slightly more than half of the market. We are at number 6. Though we have been growing at one of the fastest growth rates in the industry at nearly 5.8 to 6% CAGR over a long-term horizon from FY13 to FY25. So, this is really the long-term growth rate that we are seeing ourselves. ELGI is currently positioned as number 6 as per FY25 results. So just to recap, what was the strategic business plan we set for ourselves five years back? That is in FY21 for FY26. So, we'll just go through what we had set for ourselves and next slide we will see with respect to what we have set for ourselves where we are today. So, in terms of revenue, in FY21 we

set a target for ourselves at USD 450 mn and we had considered a growth rate of 10% CAGR. This also means that we had considered a profitability, so EBITDA margin of 16% and return on capital of 30%. So, this is what five years back we set as a goal. Now versus this goal where we are today, so we see against the USD 450 mn, at a constant exchange rate, we would be around USD 487 mn. So, we have surpassed the target, but at a floating exchange rate, we are close to USD 440 mn in FY26. In terms of EBITDA margin, against a target of 16%, we'll close at 15% and in terms of return on capital employed, against a target of 30%, we'll close at 35%. So, then it's also time for us to set the targets for the next five years. So, what do we actually do from here on till FY31? We believe where we are today and the strong foundation we have and the last several years we have been growing at 11% CAGR. For us to grow at 11.3% CAGR is quite realistic and therefore USD 750 mn is a target that we are setting for FY31. This USD 750 mn would be at 18% of EBITDA margin and around 35% of return on capital employed.

So next what I will talk about is on the product. So last year we had a phenomenal year in terms of new innovations coming out from ELGI as well as the new product and features that we actually rolled out and launched. My colleague Venu will talk about the innovation. I will talk about the new products that were launched in the last year and this is just a snapshot, not the whole complete set of the products that we worked on. So, last year I would have talked about our Flagship EG series super premium product, and we introduced 90 KW and 110 KW last year. We have in this year completed the whole range from 75 KW to 250 KW. These are two-stage air vents, the best on energy efficiency and they are also having best-in-class controllers as well as they're embedded with IoT controllers. On the smaller kilowatt we have extended our PMSM range, so permanent magnet motor range. Earlier we had it from 11 KW to 45 KW, we have now extended to 55 KW and plan to extend further going forward. So, what we have also done is on the smaller NCAP series, which are our encapsulated air vents, you know products. Usually, what customers would do, and this is a very popular product for US, Europe and so on. Usually, what customers will do is they would buy tank, they would buy compressor and they would buy a dryer and they would assemble that in the region. So, in order to maximize the value both for our channel partners as well as for the end customers, we started to assemble all of this in India itself, and we found great value that we created and a great pull for this product in the region. So, this is where actually we went back, did further integration, started assembling this what we call CTD packages, compressor tank and dryer packages and sent to regions. Parallely, we have also worked on various market expansion initiatives because for instance, we are not there in Germany today. We need to comply with certain regulations.

So, we are working on that. We need to comply with certain regulations for the Canadian market. We have it for the certain range of products, but not the full, so we are working on that. So, this continues as business as usual for us. In the oil free series, we launched our air-cooled 200-to-250-kilowatt model. Again, extremely good on overall energy efficiency as well as having a very reduced footprint. All of these products with advanced neuron controllers and embedded IOT devices. In the accessories, last time I talked about refrigerated dryers that we are planning to do in-house, and we had launched a few products by then. Now, we have completed the whole range of dryers from 20 CFM to 500 CFM, which is where most of the volume for ELGI sits in today. In markets like India, Europe and Australia, this product is already launched. In the US, we will be launching in April this year. In addition to dryers, we have also launched our own piping. So ELGI branded aluminium piping solutions for our channel partners because several of our channel partners anyway are actually into the piping business and we see there is a huge opportunity for this business in India and even overseas at some point in time. Jay talked about the Siemens project where we are actually working on the compressor. This is the compressor that we are working for VAC10. So this product is already developed, tested, already being supplied to the client and already in usage. So great work done again by our overall product and our R&D team

on getting this product into the market. So, this was the last from my side. I would invite Venu to come over and talk about product development.

**Moderator:**

Thank you so much, sir. Next up, ladies and gentlemen, I request Dr. Venu Madhav, Executive President, Product Excellence and Innovation to take us through ELGI's latest technologies and innovation. Over to you, sir.

**Venu Madhav:**

Good afternoon, everyone. Thank you, Prem and thank you all for being with us today. My name is Venu Madhav, and I will be taking you through the new technologies what is happening at ELGI. So last year, I've talked about stabilizer and this was talked more about what is and that gives the value and providing stable operation and also efficiency. Later, we branded that with a brand name Demand=Match in line with what exactly it does in the application. So, it's generally the background for this just to recap. Every compressor produces constant airflow, whereas the demand is fluctuating. The demand match system automatically adjusts itself to the demand and produces what is required. So, this product was launched into the market across all the kilowatt ranges and it was well received and we also applied for an international patent which is published now and we'll be having the rights for developing on that. So, this is the new one and going forward will be launching from coming March across all the globe in Europe and American product ranges. So, we believe this will take us to the good market share and also provide value to the customers on this.

The second one, the energy ESG and also on the net zero emissions. They are not talking anymore. They are becoming mandatory. They need very important for this. So, we have developed all our products. So, heat recovery systems always used to be there. They used to be part of either external or adaptable systems, but now we have developed all our products with internal heat recovery systems as a standard. So, these products we can recover heat up to 90% of the energy what is available in the shaft power because a lot of energy that we will get will be in the form of heat. It compressed only 10 to 15 percent in there. The remaining air is required as heat with these units. And the super-premium series, Prem talked about it. We have the range now from 75 kilowatt to 250 kilowatt. The advantage, the innovation, what it is, it is with two-stage air in, but what is special here is generally if anybody uses a two-stage air in, the unload power, when the compressor goes to unload, it used to be significantly high. We have a unique technology here. The unload power will be almost same as a single stage unit, whereas when it is operating full, it will be as high as 12 to 14 percent efficient compared to the existing machine. So, this product makes us undisputed number one position both in terms of life cycle cost and also energy efficiency. And the last one, again, Prem talked on this. These are the refrigerant dryers what we have developed for the global market. We launched this product first in India and then in Europe and now they have been launched for US region also. And this range from 20 to 500 CFM, covers more than 90 percent of the volume what it is required in the compressor market. So, these are the new technologies what we have developed. A lot of innovations are happening. We'll come back to you at the right time to talk about this. That's all from my side. Thank you.

**Moderator:**

Thank you so much, sir. Alright ladies and gentlemen, now I request Mr. Nitesh Jain, Chief Human Resource Officer, to take us through ELGI's continued focus on building talent across functions and regions and creating a supportive work environment. Over to you, sir.

**Nitesh Jain:**

Hi, good afternoon, everyone. So, I'll be talking what do we do for our people. And to start with, how are we really building capabilities for the firm to take care of future talent needs. So, we continue to invest in looking at capabilities and hiring talent across functions across the globe. But not only we believe in hiring laterals, it's also equally important to induct talent from colleges, B-schools, engineering colleges, as somebody to get in whom we can nurture and develop in the organization. So, we are running a very robust talent program, campus program. As well as it's also equally important to really focus on the development of our people, our existing employees. So, running a very strong talent framework to really work with people, ensuring that all the critical roles are identified, there is a well-chartered succession plan for key roles identified. And really working with the people who are identified as potential successors for those key roles. So, these are the various ways in which we are really focusing on capability building and building talent to support the future aspirations and growth of the organization. Now, it's really equally important that, you know, once we have hired and keeping the people, how are we really taking care of people? How we are really giving a very engaging environment so that they can flourish and continue to, you know, invest in the organization's success journey. So, we are really focusing on the well-being of our employees. That's really, really very important for us. Now, just to give an example, what does that mean? So as an organization in India, we give a block closure to our employees. So twice in a year, the company is shut. And every employee can take a leave, spend time with their families, with the kids go out, travel, explore. Now, why it is important? It's important for us to take care of the well-being of our employees. So, there are various such sort of initiatives we are driving, which probably, you know, are unique things in our context as an industry. This year also, we have really focused on our performance management system, the way we are looking at what does performance mean for us as an organization. Now, with a very clear focus that performance system should not be treated just like, you know, a clear linkage with a reward, and that's it. So, what beyond that? So, we are focusing performance management as a tool, as an enabler for continuous development. More than a linkage to reward, I think there is an opportunity given to an employee, during the year, any point in time, engage with their managers any number of times, and really talk about their performance, about the concern, about their career. So that's essentially the fulcrum on which we have sort of reimaged the performance system for our employees. Now, while all doing all these things is really, really important, that how are we leveraging tech? So, obviously, working and, you know, a global HRS system to make the overall offering to our employees, which is more efficient, and also helping our employees to become more productive, and the ease with which they can work in the organization. Now, you know, one of the things which Jay also talked about was about our purpose and values. Now, most of the companies have values. Almost all of the companies we know of have value system. Now, it was really important for us to really not only have a set of values, but how do we ensure that people live this value on a day-to-day? It should become a way of life. Now, in an organization setup, what happens is the behaviour of an employee is governed by the, you know, guidelines, the policies, what we make in our organization. Now, how do we ensure that our values are, you know, really embedded in the policy itself, so that all of us as an employee, you know, naturally follow that in our day-to-day work life. Just to give an example, one of our values is, you know, trust our stakeholders. Now, employees are one of our stakeholders. Now, saying that we trust our employees is one thing. How do we ensure that we really do that? So, for example, if somebody has to do a business travel, you know, the employee can just go ahead and travel. There is no approval needed. If an employee has to go on leave, just go ahead and apply for leave. There is no approval needed. It just goes as a FYI to the manager. I mean, these are small ways of really saying to our employees that, you know what, we trust you. We trust your judgment. So, this is the way where we are really looking at all the policies, processes in our organization and seeing that how do they fit in with our set of values to really make it as a way of life for everyone. Now, while we are doing all these things, you know, how we are envisaging the future is

we are really looking to have a sort of a one ELGI experience for our employees across the globe, wherever they are joining, wherever they are present, so that, you know, they experience the organization in a seamless manner, similar manner and, you know, that's what we are visualizing for future and I hope the things which we are doing will, you know, take us there very soon. Yeah, thank you and hand it over to you.

**Moderator:**

Thank you so much, Mr. Nitesh. Ladies and gentlemen, next up, I'd like to invite Mr. Gaurav Gupta, Chief Information and Digital Officer, to present ELGI's Global IT and Digital Transformation Roadmap.

**Gaurav Gupta:**

Good afternoon, everyone. Very happy to be in front of you. I'm going to be walking you through the information technology and digital agenda that ELGI is embarking upon. Pretty excited to present that and pretty exciting agenda in itself as well. So, just so bringing the context back, we talked about a number of leaders moving their functions forward in terms of standardization, transformation, in terms of innovation and underpinning that over a period of time, we've invested into our technologies, our digital agenda, talent, which basically ensures that we are able to drive the throughput of the organization, deliver that value to the business which is required. So, if we can look at the overall digital and IT agenda, it's basically a three-step process that we've sort of unveiled our strategy on. You know, Dr. Jay talked about and Indranil talked about the challenges we had in our ERP system a couple of years back. So, it was only sort of natural for us to ensure that our first step in the overall digital journey, where we've started investing pretty extensively since last year, is to ensure that our core is integrated, globalized and secured and I'll talk more about the core as such, but basically we're looking at embedding our standardized global processes and leveraging the tools to sort of ensure that we bring that level of transformation rapidly across all the regions and drive that behaviour and process adherence towards it. The second part of it is more towards, once we've started digitizing, most of our functions will start collecting the digital footprint, which will be in terms of the data. And that's when the enterprise becomes an intelligent enterprise, as soon as we start looking at that data in an intelligent way and that's where in the stage two, we start building our data platforms, building the AI engines, looking at analytics, which is more predictive than diagnostic and so on and so forth. And obviously, once the enterprise is standardized, integrated, it's intelligent, that's when we look at our digital business models as well. So, that's the sort of three-step journey that we've sort of laid out for ourselves.

We've sort of completed a large part of the stage one in this year, where we've laid out our sales platform. As we speak, it's getting rolled out in North America. We've done India. We've done a part of it in Australia. We've got our global employee platform, Nitesh talked about as well. We've got warehouse automation going on. Our product and innovation platform is getting completely revamped. Finance transformation, a large part of the progress that we've had in terms of driving our controls and rigor. We've been overlaying that on our financial tools and controls automation that we are progressing upon. So, a fair bit of work happening in terms of really standardizing our core processes and rapidly sort of driving them global. Obviously, underpinning all of that is our cyber strategy. As we create more digital footprint, we need to be more aware and we need to invest in our cyber capabilities as well and the IT operating model we wanted to be absolutely sure is something which is global, which is agile, which is able to support multiple regions with a very sort of dependable partner ecosystem that we've envisaged ourselves. And the partner ecosystem is also built on the guardrails of strategic partnership with a global footprint so that we are able to leverage the capabilities across the globe. That's pretty much what the stage one

progress has been this year. It's helped us to sort of, as I said, rapidly transform across the globe at a scale and a speed that we would want to face the dynamics in the business environment today. That's pretty much what is the update from the IT and digital side. I'll hand it back to you now. Thank you.

**Moderator:**

Thank you so much, Mr. Gaurav. Ladies and gentlemen, next up, I'll request Mr. Ramesh Punnuswami, Executive President, Operations and EBS to take us through development across.

**Ramesh Ponnuswami:**

Good afternoon, ladies and gentlemen. Pleasure to present to you about our manufacturing operations, progress that we made with our ESG goals and also some of the social impact initiatives that we have been doing in our company. Around 2019, we started making motors in-house. There are various reasons and drivers behind that. But at that point in time, we were importing about 75 to 80 percent of our motors. So, when we last updated this forum in 2024, we were still importing around 33 percent of our motors. Today, I'm happy to share with you that that has now dropped down significantly to 5 percent. And this 5 percent is largely stranger items. And these too, we are looking to bring in-house in the near future. So basically our range has also been increasing, we started out making induction motors, now the product range and the kilowatt range has expanded from about 2.2 kilowatts to about 160 kilowatts, different efficiency standards, different countries we are able to serve, different frequencies and now we are very heavily into permanent magnet motors also and all these have been developed by our own in-house R&D team and the efficiency levels are the best in the world. We have also benefited from significant reduction in lead times, so we can now, we were used to getting three to six months lead times from various sources overseas, now we could turn a motor order around in three days, that's how fast we can do it, so you can imagine what it has done to our inventory levels, our responsiveness, apart from the quality and the reliability aspects of our designs. We have recently commissioned our vacuum lines as well, we started off by importing fully built products, now we have our line ready, it was launched last month. We spoke to you last time about taking a three-phased approach to bringing in the entire range, we now, I am happy to share with you, we now have completed the three phases and we have the full range of rotary vane pumps, we have now started off our program to bring in cloud pumps as well, and the first stage we expect to cover 20% of the market opportunity. Our global service centre, part of the MK2 project that Indranil spoke about, this is the first phase, our global service centre which essentially is the part support for the entire world, we have a brand new facility coming up, it's state of the art, highly automated and it is something that we look forward to being as one of our proudest achievements in terms of CAPEX and how we have built facilities and created them, so this is on track, we expect to go live in the second half of April.

Moving on to ESG initiatives, we have taken several initiatives across different dimensions, primarily around people, product and processes, we have about 15 goals that we have taken and I am happy to share that as of December we are on track or ahead of target on 13 of them and we are behind plan in two of them and we hope to catch up on those as well very soon. Moving on to social impact initiatives, last year I spoke to you about Project Stellar which we have been running in ELGI school, it was actually launched last year, we have had a fantastic learning experience and also been able to successfully bring in 22 students from very economically challenged backgrounds but who are brilliant students who would have otherwise not had opportunities to really showcase their full potential, so we started off with an extensive outreach programme, we managed to get more than a thousand expressions of interest which converted to about more than close to 500 applications. This is for students who are going into the sixth standard and we

can only test for intelligence meaningfully once they finish the fifth standard, so we have had an entrance test and along with the entrance test we ran a battery of other evaluations in our school, once they have gone through that we made a short list of about 76 students and we did some further evaluations and went and verified whether they are really deserving, are they really economically underprivileged etc. Finally 24 of them met the cut and while our goal was getting 25 in the first year, so we offered 24 and two of them dropped out, so we have 22 students studying now, 9 of them girls and 13 of them boys and typically the average family income, mother, father all put together is about 2 to 3 lakhs a year, so that is the status. Now our next plan is to build a residential facility, so the intent is to have the entire school converted to only supporting students from this background, we expect in steady state let's say 8 to 10 years from now about 900 students will be provided education fully free of cost, it will be fully residential, the residential facility; now the designs are being finalized and we expect that will be up and ready in two years' time. Along with that there are several other things; our goal is to make every student the best student and be able to get offers from the top colleges in India, that is our only measure of success, to be able to do that we need to enable entire ecosystem right from teaching, the facilities, all of that, so it is a fairly extensive program we are working on, I am pleased to share that this has been the progress and we have started the outreach for this year and we are expecting 50 students for this academic year to join us.

Moving on to the sporting arena that ELGI supports, we spoke about the Olympic Gold Quest, the movement that was started by Geet Sethi and Prakash Padukone to support promising athletes to provide them high end training, exposure, nutrition, all of that and the only goal is to win as many gold medals for India as possible, so I am pleased to share that our partnership continues with OGQ and at the moment we have an MOU taking us through to the 2028 LA Olympics and as of now you can see on the screen the number of medals that have been won by athletes, almost 85% of the medals in the Olympics, the athletes who won the medals are all from OGQ. Maya is a youngster from Coimbatore, our hometown, she has been a rising star in the world of tennis, she is ranked number 1 in India under 18 in the juniors and she also reached an all-time high ranking of 34 worldwide in the ATF. She is right now training in the Rafael Nadal Academy in Spain and her goal is of course to win a medal for us in the Olympics coming up in 2028. The Coimbatore Marathon is something that is close to our hearts, we have been very closely associated with this event since the launch in 2013, last year 1725 plus ELGI employees and family members participated in the event across different categories. This event is to support the Coimbatore Cancer Foundation, all proceeds go to the foundation for their activities and ELGI continues its association with this event. So, thank you.

**Jairam Varadaraj:**

So thank you again my colleagues for presenting, now we are open for questions.

**Amit Anwani:**

Yes sir. Hello, thank you sir for the elaborate presentation. Amit Anwani from PL Capital. So first question is on the next five year plan which you elaborated from USD 440 million will be targeting USD 750 million. We can see a good amount of shift towards the Indian markets, I think there was 13% CAGR which we are targeting versus 10% in the previous five year block and so just wanted to understand and also the 200 bps margin expansion which we are building in for next five years. Wanted to understand whether this will be the base growth in India or the new product launches or the service contribution, what is the shift which is leading us for kind of 13 plus percent growth in India?

**Jairam Varadaraj:**

So, I will let Prem kind of add to whatever I have said, whatever I am going to say. It's a combination of share of growth, share of market share growth, share of new products, share of new segments in existing products as well as new geographies. So, it's a combination of all of these. So, I don't want to get into each, what is the contribution of each, we have built it up, we have a detailed build-up of which is going to contribute to what. What we need to understand is in the dynamic of this business, any growth comes from a combination of both equipment and aftermarket. Now every time you sell equipment, you have at least a 10-year aftermarket sales number and there is a geometric growth. So as you add and install base, that's where the growth really comes from. So quite a bit of future growth, a larger percentage, I am not saying they contribute a big number, but a larger percentage of the future revenue will come from aftermarket. It's natural. Now once that happens, it answers your second question of where the margins are going to come from. We have been a little conservative because even now, without the various strategic initiatives that we have implemented, which has taken away close to 1.5%, so even now we would have been at 16.5%. Now these initiatives are not going to contribute and continue into the future. So our starting point is not 15, the starting point is actually 16.5. So, 16.5 to 18, which I think is a reasonable thing if you are able to hit that top line. As far as ROCE is concerned, we are not too worried. We are quite healthy.

**Amit Anwani:**

Lastly on the US business, what are we building in terms of growth for the next five years in our strategies for the US? Earlier we used to also highlight that the go-to-market strategy was something which is very critical and there were a few states which were slowing down for us. So as a long-term strategy, what are the expectations in the US for you?

**Jairam Varadaraj:**

US, like I said, it's a large market, as is Europe. Now in both these continents, we have established a very strong presence. So ELGI as a brand is known to the entire distributor fraternity, in both these regions. Now the biggest challenge for us is to get into the distributors, because this is a distribution-led business. So, far our strategy has been getting more distributors, they own the relationship with the end customers and therefore we will gain share of the market. Now what has happened is that strategy is beginning to plateau for a couple of reasons. One, out of the universe of distributors that are available, a certain percentage of distributors are exclusive to the large brands. Those distributors are not going to switch. They won't switch because 70-80% of the distributors' profit comes from aftermarket. They don't want to risk giving up a brand and that aftermarket. So, you're really playing in the balance who are multi-brand distributors, and we are trying to get access into that segment of distributors and then gain a higher share of their wallet. That's been the strategy. Now I'm saying that strategy is plateauing out. What I mean is it will continue to have this 10-11% growth. But if you really want to shift the number to a much higher level of growth, we need to come up with a different strategy. In addition to pursuing what we are, which is what we are really working on right now. It's too premature to talk about specifically what they are. But what got us here is not going to take us there. It will take us to some point of that. But we need something more.

**Amit Anwani:**

Thank you, sir.

**Parag Thakkar:**

Hi, Parag Thakkar from Ford Capital. Thank you, sir.

**Moderator:**

I just request you to please stand up. We'll be able to capture a nicer access from here. Thank you.

**Parag Thakkar:**

Sir, this is Parag Thakkar from Ford Capital. First of all, I would like to congratulate your entire team. Fantastic presentation and I would say that do more such events in Mumbai. That will be great for us to have easy access to you. So just to take on from the last question only, what we saw in the presentation is that India contributes 47% of the revenue and 82% of the EBITDA. So now, how it will happen that the global business will also start contributing more to EBITDA? And if I understand correctly, 28% of standalone sales is coming from aftermarket right now, while consolidated number is far lesser. So, is it the needle mover that aftermarket sales in outside India will also increase meaningfully here, which will provide a lever to margins?

**Jairam Varadaraj:**

It's a fair question. The future profitability has got multiple levers. Now, the regions that we are operating in besides India are very expensive regions to operate in. People there and the overheads there are significantly higher than the equivalent costs in India. Which means then for those regions to start contributing profitably to the same level as India, the top line required is far higher. So, as we grow our top line there, we are not going to have a proportionate increase in our overhead. So that will be one lever of contribution. The second is what you just said. Our aftermarket is a significant contributor. The reason why we are in this business is because of the aftermarket. Selling of equipment is almost close to charity. So, it's the aftermarket that gives us the profit. So, there will be growth in the aftermarket because the installed base is pretty large in India. We get a very healthy percentage of aftermarket to our revenue. As we start building our installed base in Europe, you will start seeing that coming in. So, these are the two levers that are going to grow. But please let's not forget that in the standalone there is a profit that belongs to the global because of the transfer price. So that's also sitting there. So, it's not like what you see as profitability of the non-India is what it is. It's much more than that.

**Parag Thakkar:**

Last question from my side. Once this tariff drama is settled, hopefully closer to 18% from 50%, do you expect the installed base in the US to improve substantially so that after 2-3 years, it will start giving us aftermarket profits also?

**Jairam Varadaraj:**

So, this business is not a price elastic business where you say I drop 20% and my sales grows 20%. It doesn't work that way. So yes, in our current situation, if the tariff stabilizes at 18, we have a significant margin in our favour because we have already managed that 50%. So, do we retain this 32%? Do we give some away to gain the share? These are all tactical moves. We can't say for sure that A plus B is going to be equal to C. It's not possible. But it's a good problem to have that you have some margin to work with, to gain your market share.

**Parag Thakkar:**

Thank You!! I just wanted to understand your Demand=Match that product strategy. When we look at Atlas Copco has VSD, Kaeser has SFC. So is it because they had that kind of a differentiated product that we were forced to come out with a solution or is that the other way around?

**Jairam Varadaraj:**

No. So if you look at this VSD and all these are just brand names. They're not unique. We also have a compressor called, it starts with V, which is variable speed drive. That's available with all manufacturers. Now, across the world, it varies, but across the world, on average, 30% of the customers buy machines with variable speed drive. 70% buy fixed speed machines. Now, the difference between the two is one, the variable frequency drive costs 30% more. Capital cost upfront is 30% more. But it has the potential to save on energy, but there is no guarantee how much it's going to save. It depends on your operating cycle. Each factory will have a different operating cycle. That's the reality. Whether it is an Atlas Copco's variable speed drive or an ELGI's variable speed drive, that VSD that you're talking about. Demand=Match is for the fixed speed. The fixed speed machines today have, like what Venu said, fixed flow, always variable. So, what happens is there is a huge amount of inefficiency, and the customer wants to save it, they have to spend 30% more by a variable frequency drive. What this technology does is varies the flow to the customer without a VSD. So, this is an electromechanical system, not an electronic system, which delivers that value. Now, what it does, so far, we introduced this machine in October. All our machines in India supplied from October onwards are Demand=Match systems. It's now standard on our machines. It's not an option. We didn't expect that the customer will pay for it. We thought maybe they won't pay. Because typically what we find is Indian customers don't pay a premium for Indian products. They will pay a premium for foreign products. So, we said, okay, we'll go. We will make this system work. So, all our machines have gone in. We have actually improved our price realization. Just Indian customer is actually paying a premium for an Indian product. December results that you saw, we've got higher sales, higher profitability. Part of it is from demand. So, of all the supplies that have been made, 100 machines have been installed, that means commissioned. We've sold much more, but typically it takes two to three months for commissioning to happen. The customer savings has been anywhere between 6% to 17%. This is the kind of savings that the customer has. So, we are on a very strong wicket to keep growing that share of the market. The fixed speed, that 70% that I talked about. Machines have already gone to Europe, they've gone to Australia, they've gone to the US. So, validation will get completed. And by the middle of next financial year, all supplies to those markets will also be Demand=Match as standard. So, we'll have to wait and see how much of the market share needle we are going to move with this technology.

**Analyst:**

And Sir, Kaeser's SFC, they also have Air-end profiling. Kaeser; they have this SFC where they do Air-end profiling, which is more or less similar to what we..

**Jairam Varadaraj:**

SFC? Are you aware of SFC? What? SFC? We've never heard of SFC.

**Analyst:**

They have Air-end profiling. Air-end profiling? That's similar to what we do, right? Similar to? Like, you can control the flow.

**Jairam Varadaraj:**

No, but that's a variable frequency drive. Not the system Demand=Match, nobody has in the world. We're the only ones that have it, we have a patent on it. What? We'll check what that is, but Kaeser does not have anything that controls the air flow on a fixed speed machine.

**Analyst:**

And Sir, coming broadly, when we see the macro, large growth drivers in the electronic space is going to be data centers, semiconductors. So even in your breakup, there was no mention. So, what will be the percentage that currently you are supplying to these markets?

**Jairam Varadaraj:**

Anvar had presented that, we had presented six percent of our business semiconductor, but we should be very careful about this. You know, these are fashionable trends, right? Today there is semiconductor, tomorrow there is steel, day after it will be cement. The idea is not to say that we will put everything there, right? Our ability is to play across all industry, right? That's the key, yeah? Now, what happens is we have different challenges. If it is an Indian company investing in their own technology, in their own process, the chances of them buying us is very high, yeah? But if there is a multinational company that comes in, in a lot of instances they are prescribed by their parent factory, right? So, it becomes a bit more of a challenge, right? So, it's that that we need to focus on, not industry focus. Each year there will be a difference. So, right now steel is investing, yeah? Cement is not, yeah?

**Analyst:**

Thank you, sir.

**Moderator:**

Before we move on to the next question.

**Venu Madhav:**

Yeah, sorry. Actually, it is like a VSD of Atlas Copco where they use a variable frequency motor, yet they will do KZ sigma frequency. It is not similar to the Demand=Match what we are having. It's a variable speed transmission. Yeah.

**Moderator:**

Thank you so much, sir, for adding that. Before we move on to the next question, just two announcements. Please say your name and your organization name before you ask the question And also requesting everyone to please scan the QR code and give your feedback. We have still not received many feedbacks. In the meantime, the question & answer session is happening, you all can do that. Requesting everyone to kindly do it. Thank you.

**Harshit Patel:**

Hi, sir. This is Harshit Patel from Aquarius Securities. So, firstly on centrifugal compressors, I believe we were doing some field trials for our own machines and not in the GV with the Korean player. So, what is the update on that? And I think one of our large competitors, they have a lion's share of this high-end market. Any plans we'll be able to take them on in next few years in this space?

**Jairam Varadaraj:**

So, centrifugal is one product category, just like vacuum, blowers, accessories. It's all part of our journey to play in the full suite of products. Now, having said that, do we have the technology to build centrifugals? Absolutely. Right. We've already built two frames and they're running in the field. Now, the question in our mind is you can't boil the ocean. Right. You got to pick your priorities, work on that priorities. Centrifugal market out of that 20 billion is about 2 billion. Yeah. Vacuum is much bigger. Yeah. Accessories is even bigger. Right. So, as we go through the journey,

it's about not worrying about what others do, really focusing on what you have to do in terms of the choices that you make. Right. So, in this journey from USD 450 mn or USD 440 mn to USD 750 mn, definitely centrifugal is there. Right. But I don't want to say how much is there. Right. But it's there. Yeah. Sure.

**Harshit Patel:**

So, secondly, on our own motors production, you showed some statistics as to how much we are using in terms of our own motors. However, those statistics were shown as a percentage of our screw compressors. Why is that? Is the salience not that great when it comes to reciprocal compressors?

**Jairam Varadaraj:**

No, it's not. That is not the case. We have two types of reciprocating compressors, the belt driven compressors and direct drive compressors. 100 percent of our direct drive compressors are motors made by us. Right. As we move, the focus is on high value first and then go to the lower value. Right. So, we will complete all of this and we will work on the full range. Not only compressor motors, but also our fan motors. Right. Not ceiling fans, but the compressor cooling fans.

**Harshit Patel:**

Yeah. Understood. Lastly, on our backward integration, we already do our pressure vessels, now motors, we do air ends. Is there anything left for us to capture that we can do on our own or would it require maybe substantially much more volumes and maybe we should refrain from doing that?

**Jairam Varadaraj:**

If there is a backward integration by which we can sell more compressors, we will take that also. Right. But unfortunately, we don't. But, you know, the idea of this, each of these as a there is a strategic reason. Right. This is not about trying to take away a supplier's profit. That's not the intent. Yeah. If that was the intent, there is a lot more that we buy from suppliers that we can take over. Right. Now, if you look at pressure vessel, this is a safety critical equipment piece. If we supply this and if a tank fails, bursts, there could be catastrophic incidents. Right. We can't afford that. You know, you can't if an air end fails, it's one level of failure. If a tank fails, it's a completely different. So, we can't afford to have that. So, we control that as a safety critical equipment, I mean, piece. Castings are quality critical. Right. We cannot afford to have castings that leak or fail because we buy castings. We put it into very expensive machines for machining. Right. And after machining, we discover that it has failed. It's a huge loss. Right. That's the reason why we got into foundry motors. We were buying motors from China. Yeah, Last 15, 20 years, as do our competitors. Right. Now, if you take the Chinese motor and you strip it, there is no rocket science in a motor. There is copper, there is steel, there is casting and there is bearing, nothing else. These are all metal commodities with international prices. Now, when we looked at it, the pricing from China had no relevance to that cost. It was even lower than metal commodity prices. Now, we can ignore it and say as long as they give it to us cheap, we are happy, we continue to buy. But this is like a drug. You get addicted to that low cost and at some point, the supplier will pull the rug. Now, when that happens, a multinational company has the ability to pass that price on. We will not. So that risk is what we managed with making our own motors. Today, our motors perform far better than the best at a lower cost. And this is not because we are employing cheap Indians. It is because we picked the right technology to make it. Yeah. So that's I can't think of anything more that we need to integrate backwards, but we need to keep our options open.

**Harshit Patel:**

Yeah. Thank you, sir. All the best.

**Jairam Varadaraj:**

Thank you. There's a person at the back here.

**Sudarshan Srinivasan:**

Hi, sir. Good afternoon. So, I'm Sudarshan Srinivasan from Prime Investor PMS. So, my question is on your installed base. So currently, we are having the overseas installed basis, one fifth of the domestic base, if my memory serves right. So, in the next five years, how do you see this mix improving, whether it is going to be two fifth of the domestic base or three fifth of the domestic base? How do you see this mix improving?

**Jairam Varadaraj:**

I don't know where you got your memory. I never would talk about that. Right. So, you know, this is very critical information, because we don't want anyone to know what is that actual number of machines. Right. Now, having said that, the percentage with which we are increasing the installed base in Europe and U.S. is far higher than the percentage at which we are increasing in India. Right. Now, when the percentage of increase is more, the percentage of contribution of aftermarket will also be right. So, I would like to leave it at that broad definition. As we continue to sell more machines outside the country, that percentage is going to go up and that aftermarket percentage will go up. Yeah. That's it. Yeah. There's somebody here.

**Manohar Desai:**

Yeah. Yeah, hi. Me, Manohar Desai from Trust Mutual Fund. Sir, three new products we talked about. Sorry? Three new products, three new technologies we talked about. So largely, I mean, how does it increase our addressable area or application areas?

**Jairam Varadaraj:**

Which are the three products that you're referring to?

**Manohar Desai:**

Yeah, so it was the, I mean, the drives which were there plus on the refrigeration side. I mean, the inverted duty part of the piece. So, the three new techs that we talked about just a moment. Yeah, the stabilizer, heat recovery systems and the indigenized dryer part. One was the dryer. Yeah, one was the dryer. Yes. Second was on the heat recovery side and third was on the stabilizer side. Stabilizer. Yeah, so how does it increase our application areas and what role does it play in our 2030 target? Broadly to understand that.

**Jairam Varadaraj:**

Dryers is, we are already selling dryers. We were buying it from others. So it only improves our margin and the quality of the product and our ability to sell our dryers all over the world. So for instance, the dryers that we sell in India, earlier we were buying from a local company. The dryers we are selling in Europe and America, we are buying from a European company. Now we will have, and the dryers that we were selling in Australia, we are buying from an Italian company. Now all the dryers will be made by us here in India and supplied everywhere. So yes, there will be a synergistic increase in revenue because we have a much more competitive, far better performance product. It's difficult to say how much will my market share go up. Definitely my margin will go up for the same level of sales. Demand=Match, I just explained to you. We are

increasing our number. We are increasing our prices. Our price realization is going up. Still early days, but I'm very confident that it's going to help us grow our share of the market by virtue of the value that we give to the customer. What was that third point? HR, heat recovery. Heat recovery is very specialized. It's not across all applications. It's only customers who need process heat in their operations. Then it makes sense to use this to recover the heat and use it in their process. So, it's a very specialized application.

**Manohar Desai:**

Sure. Just one question on the refrigeration and compression side. Industry talks indicate that that particular segment is doing well. So, your take on this segment, would you like to explore this refrigeration compression here?

**Jairam Varadaraj:**

No, no, no. We don't do refrigeration compression at all. We do only air compression. This is refrigeration dryers that dries compressed air. So, we don't go into refrigeration compression. Air conditioning and refrigeration, we don't do.

**Divyan Kapadia:**

Yeah, sorry. I'm Divyan Kapadia, one of the individual shareholders. I've been an investor in your company since 2001.

**Jairam Varadaraj:**

Thank you.

**Divyan Kapadia:**

And I think more than two zeros have been added to my investment, which I made. So, I'm very happy with your company. But at the moment, if I look at when you're saying you'll grow another next five years only at 11%, in a huge market which is available to you. I think your market share internationally has been less than 5%. So, what you are growing is not even taking the growth of the market. So, when you are not even taking the growth of the market, you are taking a small fraction of the growth of the market. Then I think aiming for 11% to me looks less. That is my request to you.

Second thing is that now there is going to be in the next five years there is going to be an India-EU FTA. So today I don't know what is the duty you pay when you sell to Europe. So, is that duty going to change or is it giving you more competitive advantage? I think in Australia already the duty is zero. I don't know whether it applies to our product or not. Does it help you? Because in Australia our growth is only 3%. Maybe there are some further reasons for that. But I thought those growth also you can perhaps review again and see if you can jumpstart.

**Jairam Varadaraj:**

Now we certainly don't want to grow less. If there is an opportunity we will do it. Now to come to your point India market for compressors is growing at around 4%. We will be growing at 11% which means that we are gaining share. The European market is actually flat, and we are planning to grow 10% which means we are gaining share. The American market is expected to grow at 1.5% and we are growing at around 12%. So again, we will expect to grow share. Australian market has actually gone down. The numbers have gone down because we have the actual number of compressors that are sold, and we are growing there which means share of the market is growing. Now can we grow more? Can we gain share faster? We are working on different strategies. Like I said our current strategy has taken us with a certain velocity to where we are today. Now we

continue down that path we will get a certain trajectory. But to flip it even more sharper up we need a different strategy. We are working on it, we are exploring what we can do. What we do know is when we are in front of the customer we win disproportionately. We need to get in front of the customer more often. This is our challenge. You look at a multinational customer wants to buy a compressor. The default choice is either go to Atlas Copco, default choice. They get a certain pull in the market. Our business we have to push. It's easier to suck liquid through a straw than to blow bubbles into the water. It's the same thing. Atlas Copco and Ingersol Rand, they are able to suck customers in. We need to push in. That's our reality. We can't cry about it but we need a different strategy. That's what we are working on.

**Divyan Kapadia:**

My suggestion would be that all the markets which you are today working like USA, Australia, Europe, they are either not growing or growing at bare minimum 1%, 2%, 3%. In that you are trying to do 10%, 11% which is a very good job. I'm not criticizing that. But overall when you gave us the chart, the overall compressor market is growing at something like 3%, 3.5% worldwide. That means there are enough markets like India which are growing at maybe 10%, 15%, 20%. They may not be as big as USA or Europe but maybe there is Brazil there. Maybe there is Japan there. Maybe there is some African countries which are doing very well because Nigeria, that one fellow is putting a lot of big refineries and all that. Very good. I'm happy. There will be certain places in the world where there are markets which are growing at maybe 10%, 15%, 20%. Maybe a small base but maybe again may not be that competitive also because some of these markets like Africa and all that or some of the Latin American markets, all multinationals may not be wanting to go. Maybe CIS is a market. Maybe Russia is a market. I don't know. You need to check all that. Thank you.

**Analyst:**

Hi. Two questions. So, one was on the aftermarket thing that you mentioned. When we look at broad markets where obviously we work through distributors and all of that more, the dynamics of aftermarket, is it very different say versus India in terms of the aftermarket revenue per compressor or something like that and even in terms of profitability? And the second... Yeah, yeah. Go ahead.

My second question is in terms of growth. If we look at some of the leading players that you had shown, they are growing at around 2.5%, 3% at that base outside India. Whereas if we look at our three years from say 23% to 26%, I think we are not at that 3% if we exclude India. If we exclude just ISAAME, Europe, North America, we would be lower than 3% at a significantly lower base than the industry leaders. So, then we are basically at a lower base, not losing market share to leaders. How do we see that and what is changing going forward?

**Jairam Varadaraj:**

So, to answer your first question, the aftermarket loyalty outside of India is higher. In India, there is a tendency to, not all, a bigger percentage of customers tend to go for spurious parts. Whereas in Europe and America, the loyalty to stay with genuine parts is little bit higher. So to that extent, the stability of, or the surety of the aftermarket business is more. So that's one. Profitability, I would say roughly the same. Aftermarket profitability. Coming to your question about the growth of the leading players, their growth is coming from aftermarket because their installed base is huge. And from that installed base, every year they keep growing. We don't have that base installed to have that repetitive growth. So, our growth is coming from, bulk of it is coming from increasing the installed base. So, if you look at our growth even outside the country, considering the growth of the markets there and our growth in those markets adjusted for the currency, we are

still higher than them. Yeah. The question really is how much more can we do? I mean how much faster can we do? That's the challenge.

**Analyst:**

Just one follow up, when we go through distributors, do they have a share, do they take away some share of profit from the aftermarket? Because you said for them also aftermarket is a very big source of profits.

**Jairam Varadaraj:**

They do service. In Europe and America, the service, the labour cost, labour charge on the customer is the highest source of profit, not sale of spare parts.

**Analyst:**

And is our model of aftermarket going to be different versus some of the top leaders outside India?

**Jairam Varadaraj:**

So, the top leaders are increasingly going direct on service. They are bypassing distributors. They want to get that labour part of service to themselves. That's not our model. Our model is we partner with distributors, we sell them spare parts, earn our profit, they sell spare parts to the customer and render the labour service to them. And they earn their profit.

**Analyst:**

What would be, if I can ask, a split between labour and spare parts in aftermarket?

**Jairam Varadaraj:**

I have no idea, Prem. About 50-50 maybe. We are guessing here. Because we don't run a distribution business. So, we don't do service. Sorry.

**Dhiral:**

Dhiral from Phillip Capital. So, to achieve the \$750 million mark of revenue by FY31, so what will be the incremental capex required to achieve that mark? And secondly, on the aftermarket side, so currently what is the percentage of revenue that we are achieving from the aftermarket and going ahead as we are banking more on the aftermarket segment to drive the incremental growth? What could be the contribution in the coming next four to five years?

**Jairam Varadaraj:**

So, our capex, there are two types. One is the incremental capex that we need for the growth, the capacity. And the second is the breakthrough capex that will be required once you run out of space in your campus. Right? Now we have already announced that we are going to be spending between INR 500 to 600 crores for moving our current campus to our new campus. That's really that breakthrough kind of investment that we need to do. Otherwise, we don't have space. I mean building, we don't like buildings, but we don't have a choice. We need buildings. Every year our capex required for incremental growth will be well within our depreciation. We don't see it exceeding our depreciation for our incremental capacity. Yeah? And we always invest one year in advance. Right? So, it's not going to be a big cash that is going to be demanded.

**Dhiral:**

And sir, aftermarket revenue?

**Jairam Varadaraj:**

Aftermarket revenue frame, do you know what is the aftermarket revenue in 750? Today it's 28 in India and maybe about 12 or 13 outside. Yeah. About 20 percent combined. Sorry? Yeah. Yeah. But 20 percent is our revenue. 20 percent of our revenue. Yeah, currently it's about 12 to 15 percent outside depending on which country. It will probably go to 20 percent. We haven't got the real numbers. General direction. Sorry.

**Ishwar:**

Hi sir. This is Ishwar from My Thought PMS. So, regarding Europe, we have done a lot of lateral hires from the president, Mr. Chris, to a lot of area sales people as well. And Europe is like a very diversified market with each market having a different customer preference, different price points. So, how are we addressing that concerns of the customer since we would have a smaller portfolio compared to our global competitors? So, how are we getting in front of the customer and winning the orders with them?

**Jairam Varadaraj:**

There is nothing short of our portfolio. Zero. Right? If you take rotary screw compressors and piston compressors, we have as much if not more than the leading competitors. So, there is no portfolio deficiency. We don't have centrifugal, we don't play in that market. As far as Europe is concerned, even though there are different countries, the demand pattern or the requirements of the market are pretty homogenous. Right? Except for localized certification that is required, which is not a performance issue, it is more a process certification, like pressure vessels, for instance. Otherwise, there is no issue.

**Ishwar:**

So, of the 3.3 billion Euro market, Euro compressor market, how much can we envisage to capture in the next, let's say,

**Jairam Varadaraj:**

It's not EUR 3.3 billion. It is about close to 2.4 billion dollars. Euros. Okay. Our share, I don't know what we've got. 2%. Yeah. So, you want to use the mic?

**Premendra:**

So, our share in Europe would be 2%, but in markets where we play, it would be between 4% and 6%. We don't play in all the markets, too.

**Manohar Desai:**

Sir, and our cost structures in the European market, it was built on higher revenues. So, how can we expect the cost structure to move in the next 2 or 3 years?

**Jairam Varadaraj:**

That's why we've cut our cost structure down. So that we are trimming the cost down to the level of revenue that we are hitting. Now we need to build a new strategy. The current strategy is not going to give us the revenue that we had earlier planned, right? So, for the new strategy, this is the structure, I mean, for the current strategy, this cost structure is good enough. That's what we are trimming it down to, right? The next round of growth is going to come from a new strategy which has to be first tested, proven, and then rolled out.

**Manohar Desai:**

Thank you, sir.

**Kamalesh:**

Hi, sir. Sir, the vacuum business is a new piece in our own business. Just wanted to check about their margin profile and ROI profile. Does it match our existing business, or what is the three- or five-years roadmap for that?

**Jairam Varadaraj:**

So, the vacuum that we are playing in, by and large, except a very specialized vacuum that goes into semiconductors, which we are not playing in. Generally, vacuum, the equipment value is significantly lower than a compressor, right? But the aftermarket percentages of revenue is very similar to compressors, right? So, both these businesses derive their profit from aftermarket. But vacuum also has, in addition, has a higher percentage of profit on equipment compared to compressors, but on a smaller base. That's the pattern of the two.

**Kamalesh:**

And in this growth, how much of the growth is embedded from this vertical end? Are we going global for this business?

**Jairam Varadaraj:**

Five-year phase, no. It's only India business? Only India and conservative number.

**Kamalesh:**

Are we having any growth plans for the future for global markets?

**Jairam Varadaraj:**

Absolutely.

**Kamalesh:**

How big would that be, sir, market-wise?

**Jairam Varadaraj:**

So, the total vacuum market, correct me, Prem, is about three billion. Yes, slightly more than that. Yeah, three billion globally. We don't have a percentage aspiration yet, right? What we are working on is the same as in compressors. We can't go with a me-too product and then say we are cheaper, so buy, right? What we are working on is a fundamentally new technology, even in vacuum, right? Now, once we are able to demonstrate that, right, that could be a significant presence globally. But with the current thing, for this period, we are not looking at it. But these are opportunities that could come, yeah.

**Kamalesh:**

Thank you, sir.

**Jairam Varadaraj:**

Yeah, sorry.

**Analyst:**

Thank you. Sir, a couple of questions.

First, in this five-year plan, have we envisaged any inorganic growth or this is purely organic growth? Very little inorganic. Very, very little inorganic. And that would be, again, largely on the front end like distribution or are we probably looking at?

**Jairam Varadaraj:**

Looking at two types of opportunities. One is product expansion, right, within the sphere of compressors. And the other is customer access, right? These are the only two. We don't want to put any big plan in it unless we have clear visibility that this is available, right? Unlike organic growth, which you control, inorganic you don't fully control, right? So, we have not put a big number here.

**Analyst:**

Okay, okay. And coming back to Europe, sir, now probably you mentioned that Europe's market is generally flat, but probably a lot of energy-intensive industries over there are probably curtailing and shutting down. So probably do you see a situation where probably it becomes challenging, overall market declining, and for us in that market to grow? And probably also do you see consolidation over some of the compressor players over there? How should we see your strategy going forward?

**Jairam Varadaraj:**

So, Europe consolidation has happened over many years. I don't know what the next would be for the number one and the number four to come together, which is never going to happen, right? So, I don't see any further consolidation in Europe happening. Your thesis is valid for Atlas Copco, right? But not for us. We are nothing. I mean, when you take a 4-billion-euro market, how much ever they shut down their factories, there's still an opportunity, right? We just need to find a way to get in front of the customer because the minute we get in front of the customer, two out of three times we win. So, and that's a ratio that we see everywhere in the world, yeah? How do you get in front of the customer more often? That's really the challenge, yeah?

**Analyst:**

Sir, but on the other side, now we are probably curtailing our manpower. So, for us to then have more face-to-face with customers, how do you...

**Jairam Varadaraj:**

We are reducing back-end overheads, Manish. We are not removing the customer-facing, revenue-generating roles. We are only taking out overheads at the back, yeah. Sure, okay.

**Analyst:**

And on our new Capex plan for shifting facility from our city campus to the new campus, so how do you see that happening? What will be our annual Capex? So, 500 to 600 crores, what you intend to spend? How do we spend this in every year? Over the next four to five years. Four to five years. And we'll completely shift entire operations to.

**Jairam Varadaraj:**

Bulk of it. you will still need... Suddenly there will be centrifugal will come, right? Something else will come. These new products, we can't afford to put buildings, right? They're too small to put

that kind of investment, right? So, this factory in the city may be part of it, not all of it. Could be a staging area to get the business up to a certain size and then move it to the main campus, yeah.

**Analyst:**

Sure. And in this process where we are probably going to incur both capital investment and our operation cost also probably go up, so our aspiration of 18% margin is factoring this incremental cost?

**Jairam Varadaraj:**

What operating cost?

**Analyst:**

So basically, if you probably move to a larger operation.

**Jairam Varadaraj:**

You will... Essentially cut cost down. Because today we operate out of four factories and there's logistics going back and forth, right? All those efficiencies will actually bring a cost down. Security will come down. Housekeeping will come down. Canteen will come down. Logistics will come down. So, we'll become actually more efficient.

**Analyst:**

And, sir, on margins outlook going forward, like there are a couple of things which you had highlighted in the con call in terms of one is that you start getting benefit of US tariff cuts from quarter two FY27. That was number one. Number two in terms of your more efficient motors which will be used, which in turn will again drive your cost down. So this 1.5% what we are spending for go-to-market strategy, do you think that it probably quarter two, quarter three, gets nullified with these benefits what we get going forward? Again, also with growth in the revenues.

**Jairam Varadaraj:**

So, this 1.5% is not go-to-market. It is go-to-market, digital transformation, finance transformation, setting up shared services in the country to bring cost down outside. It's a combination of multiple things, right? Now the cost reduction that we have been able to achieve significantly which is helping us now and it's showing up in current P&L is only on the US. Sorry? Only on the US sale. Okay. The India sale, Europe sale and Australia sale, the cost has already been baked in because motors for these markets have already been included in our P&L. Right? So that 1.5% on global sale is not going to come from motor cost reduction only in the sale to the US. It's not possible. Right?

**Analyst:**

No, I was thinking from combination like you probably have increased prices and you have cut your cost especially for US sales. Yeah. So one is that. So, it was a combination of two or three things.

**Jairam Varadaraj:**

So, 1.5% on consolidated sale is close to \$4 million. Right? Now the sale that we make from India to the US, right, will fetch that whatever that will not give us \$4 million benefit because of that 50%. Right? Got it. That 30%. Sorry, the difference of 50% and 80%. Okay.

**Analyst:**

Thank you so much.

**Jairam Varadaraj:**

Sorry. Yeah.

**Salim Desai:**

Salim Desai from Mars Investments Managers. So, on R&D and innovation, right, what are your priorities in these next five years or if you can tell us big principles on why or what products do you like to work on, plug gaps. And second related to that is, you know, is being in Coimbatore a challenge to scaling R&D innovation? Being in Coimbatore? Yeah. I mean, is there a kind of constraint? And if so, then what do you do to mitigate that?

**Jairam Varadaraj:**

Okay. See, there is product development and then there is technology development. Two different things. Right? On product development, it's about taking the technologies that we develop and incorporating it into our products in terms of revisions that happen. So, in a sense, they are more operational rollout of our calendar-based product upgrades. Right? So that's really what we do. In terms of technology development, our focus is what can we do to disrupt the value that we can give to the customer compared to competition. So, if you look at Demand=Match, it came from that thinking. Now, how do you disrupt? Right? Now, similar to that, we have some ideas in the pipeline. Yeah? Obviously, I don't want to say what they are. Right? Not all of them will succeed, but we need to make that investment. We have to try it out. We have to fail. Right? But the whole intent is when you're sitting in front of the customer, you're an unknown brand with a made-in-India label. You need something that will be disruptively different, which will make the customer stand up and listen. Right? What brand of cell phone do you have? Apple. So, I'm a Bangladeshi company that is making a pitch to you to buy a cell phone. And I have all the features of Apple. I have all the things. It looks very similar. It does everything and it's about 20% cheaper. Will you buy it? That's the challenge we face. But if I'm able to come to you and say, you don't need a phone, man. You can just speak and everything, a button, everything will just speak. You don't need a phone. That's very disruptive, right? So, in a sense, that's what we are looking at, right? So, from BlackBerry with buttons to a cell phone with touch screen was disruptive, right? What's that disruption for us in compressors, right? And how can we deliver that, you know? And in Coimbatore, how do you- Coimbatore is not a problem. Not for R&D, no.

**Salim Desai:**

Second question is you mentioned that Deming is a milestone that you crossed, right? So, what more milestones do you look forward to maybe next five years?

**Jairam Varadaraj:**

Deming somebody blessed us, correct? Saying, oh, you're good fellows, you've done well. But if you stop there, then you regress, correct? So that's why I meant it's a milestone. You need to go continue to push in with that philosophy, that how do you keep improving the organization on a continuous basis, right?

**Salim Desai:**

What I meant was, is there room for you to kind of keep optimizing manufacturing operations?

**Jairam Varadaraj:**

Oh, absolutely. Oh, tons of it. Yeah, tons of it. Thank you.

**Deep Master:**

Hi, I'm Deep Master from 1UP Financial. I just wanted to touch again on the GTM strategy. As you said, just getting in front of the customer. So, if you can maybe elaborate a little bit more on how you plan to do that. Sorry if it's a bit of a repetition but just trying to understand that a bit better.

**Jairam Varadaraj:**

A crazy idea would be if somebody came and gave us a million dollars, we will sponsor IPL. Right? And then we say we make the best compressors in the world. And India should buy the best of the world, right? Which is in India, right? Now if we can get that message across, right? And get customers to get excited about that thing, then yes. Like I said, but we have to push. We're not pulled, yeah? So obviously we don't have 100 million and we're not going to get it unless we go and do a startup compressor company somewhere, maybe we'll get it. Yeah? But so what's the alternate for us, right? How do we imagine a strategy by which we are able to create that pull, and we are in front of the customer more often, right? It's a journey of discovery, yeah?

**Deep Master:**

Super. Are you satisfied with all the product gaps?

**Jairam Varadaraj:**

Where are you in that journey? Am I sleeping well on product range? Yes. I'm not losing sleep there. But the idea is the biggest challenge is get in front of the customer.

**Deep Master:**

In the past, I think we bought distribution in the US and that did not go well. So that's why I'm just trying to think through it.

**Jairam Varadaraj:**

So, the distribution acquisition strategically is the right thing. But what was wrong is we are a manufacturing company. We are not a distribution company. A manufacturing company cannot run a distribution company because it doesn't know. Even in India, we don't run a distribution business, right? So, it's a matter of learning that, right? And putting the process very different from manufacturing, yeah? So, once we get that, we should be fine, yeah? Yeah, please.

**Yash:**

Hello, hi. Sir, Yash here from White Oak Capital. Sir, the first question is if we look at our SBP 26, what we have just announced and compare it to SBP 22, which was announced earlier, the outside India growth expectation here is 10%, but earlier it was 13%. So, what explains the difference considering all the investments what we have made over the last four years? Why the expectation of growth outside India should be lower than what we had last four years? and second is you said India market is growing at 4% but we are growing at 12%. If you can just help us understand who are we taking market shares from and also if you can give some more detail why this India market is just growing at 4%. Why not higher than this 4%?

**Jairam Varadaraj:**

To answer your first question, why have we scaled down our growth percentage outside India for the next five years? The reason something in the last five years, right? And like I said, our current strategy five years ago gave us a certain set of results, which were suboptimal compared to our aspiration, right? It would not be prudent to ignore it and continue to say we will do this 13%, yeah? What we have discovered is the inertia of getting in front of the customer is very high, yeah? The strategy that we followed to aspire for 13-14% growth outside the country was only good enough for around 10%. So, we are saying continue down that path. This is not the end of the world. It doesn't mean we go to sleep here. We need to, like I said, we need to discover a different strategy which will help us put us in front of the customer more often across the world. We don't know what that strategy is. We are discovering it. Now, we won't take five years to discover it, but that's not embedded in this plan. That's point number one. Point number two is we are saying 4% growth India, 12% growth ELGI. Like I explained to you, growth of a company comes from aftermarket. And when your installed base is very large in a country, your growth is not linked to the growth in sale. It looks like I have to swallow this. Next, yeah. So we have a very large installed base, right? That's going to give us a growth. So even though the market for equipment grows at 4%, we have higher because of our installed base, right?

**Yash:**

So, can you give us an idea of our equipment growth versus the industry equipment growth? Like, are we gaining market share as far as the equipment is concerned?

**Jairam Varadaraj:**

We're gaining market share, but it's not 4% and 12%. Okay. I don't want to say what it is, right? But it's not 4% and 12%, right? The 12% is also driven by aftermarket growth, yeah?

**Yash:**

And can you just give us an understanding, sir, why 4% growth for this?

**Jairam Varadaraj:**

So that, you know, you know, India, India should actually be, if you look at the Chinese market growth in the last 20 years, the growth in compressors was high double digit, right? Because that's the kind of investment that China put into the economy. Now, I don't know why we don't do it. That's not my, I can't answer that question.

**Yash:**

Yeah. Understood. And so if you can just give us a clarity on your aftermarket margins. Let us say you said product margins are lower, aftermarket margins are higher, if not the exact numbers, but just the difference between the product margins and the aftermarket margins.

**Jairam Varadaraj:**

If I'm venturing, I'm guessing here. If we make 10% in equipment, we'll probably make 60% in aftermarket. Okay. Right? That doesn't mean I'm saying we make 10% in equipment. We don't. But if we do, then the ratio is one is to six.

**Yash:**

And on the aftermarket side, what percentage of the compressors sold in India? We have penetration as far as the aftermarket is concerned. Do we have strong penetration or there is still...

**Jairam Varadaraj:**

In India?

**Yash:**

In India.

**Jairam Varadaraj:**

Oh, there is still room. Like I said, in India, the loyalty to genuine parts is lower. So there is definitely opportunity for us to improve it, right? But it doesn't come that easily. It's a very large market, yeah?

**Yash:**

Sure. Thank you so much for answering all of my questions.

**Jairam Varadaraj:**

Okay. You done? ELGI? L and G are my grandfather's initials. E and I is to make it look little stylish.

**Analyst:**

I have one question. On the product side, if you could highlight in terms of oil-free, oil-filled, portable, recip, what composition of growth you're looking in terms of products for next four to five years?

**Jairam Varadaraj:**

Is that somebody here?

**Analyst:**

Yeah. Yeah, so in terms of products for next five years growth strategy, the change in composition, any high-growth products and low-growth products you will be looking at?

**Jairam Varadaraj:**

Prem, you want to take that question? Is there a disproportionate growth coming from a specific product. The only thing I can think of is lubricated screw.

**Premendra:**

Yeah, you can, yeah, it works. Yeah, in addition to that also accessories as a product line for us, like dryers we talked about. So, a higher penetration of that in our installed base.

**Jairam Varadaraj:**

So lubricated screw is a focused product. So that contributes a big part of the growth. Accessories, like what Prem said, and aftermarket, because that's a natural extension of installed base. The rest of it, portable compressors, water well, railway, they're all business as usual, nothing significant, no and oil filled and portable? I don't want to give that information. I'll be too competitive.

**Analyst:**

Thank you, sir.

**Jairam Varadaraj:**

Yeah, thank you.

**Analyst:**

Sir, what is the breakup between oil free and oil compressors? Oil free, which goes into pharma and other segments. Yeah. And with oil compressors, what is the breakup of that in our...

**Jairam Varadaraj:**

No, I don't want to give those numbers.

**Analyst:**

Sir, just following up. Just following up with the previous point that you made, if you can just give some insight that if China, if you're saying double-digit growth versus 4% in India, is it some organized versus unorganized thing? Are there some sectors or segments where it's not used in India? According to you, what can lead to that growth, say, in India, what happened in China?

**Jairam Varadaraj:**

Massive economic growth. India pales in comparison to what China did over the last decade.

**Analyst:**

This is lower than even like GDP growth. 4% growth is like lower than...

**Jairam Varadaraj:**

GDP is a bit of a misnomer because you can have consumption-led GDP or investment-led GDP, correct? So, you go and reduce GST rates, suddenly your consumption goes up and that improves your GST. Factories are being set up, right? So, I think you need to look at the index of industrial production. That's a little better than GDP, yeah? And that, if you look at what China had and what India had, it's a day and night difference, yeah?

**Analyst:**

Sir, regarding the Demand=Match, the stabilizer product, it's good that we are getting very good feedback from our customer. And commercially speaking, how much percentage terms can it increase our realization per product? And would we be looking to export that product to the US, EU market? And we've also introduced lot of compressors in the higher kilowatt segment this year. So, would it be helpful to us in gaining market share?

**Jairam Varadaraj:**

So, Demand=Match, like I said, has increased our price realization. I don't want to say how much percentage. That's too sensitive an information. That's point number one. Point number two is large kilowatt machines we've always had. What we have introduced is a new upgrade on the large kilowatt machines. It's not new in that sense, right? It's a two-stage machine instead of a single-stage machine. So, it's an upgrade of an existing machine. Yes, all these introductions, the idea is to increase the value proposition to the customer and therefore increase our market share, right?

**Analyst:**

Yeah, sure. And could we retrofit that Demand=Match product into our existing...

**Jairam Varadaraj:**

Yes, we can. We can, but it's not... it is quite expensive. We'll do it later, not now. The retrofitting process is expensive. Because the whole air-end has to be changed.

**Analyst:**

Thank you, sir.

**Jairam Varadaraj:**

I'll use this. This is fine.

**Analyst:**

Hi, You were talking about the compressor that you were making to compete with the cheap Chinese machines and that I think was at least 20-25% of the current Indian market that is being catered to by that machine. So where are we in launching that product and if that product actually you do say matches the Chinese machines. Could we introduce this into more geographies and are we planning that in our FY-30 estimates like other markets besides India?

**Jairam Varadaraj:**

The product is going through validation even as we speak. The launch plan in India is end of second quarter of this year. So that's really the plan. Now, can we sell this all over the world? Absolutely. Have we taken it in the plan? Very small. Very small in relation to the possibility.

Thank you. So, thank you very much for fascinating questions, very interesting. And thank you for that interaction. Appreciate it. Thank you very much.

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