

Date: 8th August, 2023

The General Manager
The Corporate Relationship Department
BSE Limited
1st floor, New Trading Ring,
Rotunda Building
P J Towers
Dalal Street, Fort
Mumbai 400 001
BSE Scrip Code: 500249

The Manager
Listing Department
National Stock Exchange of India
Limited
“Exchange Plaza”, C-1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051
NSE Symbol: KSB

Subject: Transcript for the Institutional Investors' Meet

Dear Sirs/Madam,

In continuation to our intimation dated 27th July, 2023 and 04th August, 2023 enclosing herewith the Transcript of the Institutional Investors' Meet held and participated on 04th August, 2023.

Kindly take the same on your records.

Yours faithfully,
For **KSB Limited**

Shraddha Kavathekar
Company Secretary

MANAGEMENT: Rajeev Jain - Managing Director
Mahesh Bhavé - Chief Financial Officer
Shraddha Kavathekar - Company Secretary

Presentation

Ashwani Sharma: Good morning everyone. My name is Ashwani Sharma. On behalf of ICICI Securities, I welcome you all to the KSB Investor Meet. It's a pleasure to host KSB Limited Management. So this is the third time that we are hosting on a continuous basis. Just to give a small background. KSB Limited is a German Group company, is one of the leading players in the Indian industrial pumps and valves. It caters to several industries like agriculture, wastewater, paper, textile, pharmaceutical, food processing, energy, oil and gas, et cetera.

Today with us we have the entire team. So with a great pleasure, I welcome Mr. Rajeev Jain, Managing Director; Mr. Mahesh Bhavé, Chief Financial Officer; and Shraddha Kavathekar, Company Secretary, and other team members.

Now, I hand over the mic to the management to address the audience with a small presentation on the quarter gone by. And then we'll open the floor for Q&A. Over to you, sir.

Mahesh Bhavé: Good morning all. Thank you Ashwin. Thank you ICICI. And thank you all for joining this. So before we start, a cautionary statement. This presentation may contain certain forward-looking statements relating to company's future business, developments and economic performance. Such statement may be subject to number of risk, uncertainties and other important factors such as, but not limited to competitive pressures, legislative and regulatory developments, global macroeconomic and political trends, fluctuations in currency rates and general financial conditions, delay or inability in obtaining approvals from authorities, technical developments, litigations, adverse publicity and news coverage, which could cause actual developments and result to differ materially from the statements made in this presentation. The company assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

So with this cautionary statement we start the presentation. We'd be covering organogram about KSB Limited, its presence applications. We will discuss highlights for quarter two 2023 market penetration, top 10 customers, order intake, review we will be discussing. We will

have an overview on net financial position, update about NPCL order, major investments. We'll be discussing revenue trend, profit trend, digitalization update we'll be discussing and branding activities as well as ESG.

We start with organogram. Mr. Jain who heads as a Managing Director of KSB Limited and it is supported finance and DTC, which I am heading. HRD is headed by Mr. Mohan Patil, who recently joined for us as a senior member. Mr. Bhatena, who heads Sales and Marketing; Nuclear Operation is headed by Mr. Nitin Patil; Valves Factory and Business is headed by Mr. Raja; Quality and ESG is headed by Mr. Philip; PMPS Product Management is headed by Mr. Seshadri; Shraddha, she is with us, she heads as a Company Secretary; and Standard Agricultural and Solar Pump a similar business, which is headed by Mr. Bapat; SupremeServ is headed by Mr. Rajesh Kulkarni; and Purchase and Foundry is headed by Mr. Watve. So this is the senior team.

As you are all aware our regional presence we have seven manufacturing locations, four zonal offices, 14 branch offices, five service stations, 200 plus authorized service centers, 1000 plus authorized dealer of pump, valves and systems. We have a Bangladesh license office and business through dealers at Nepal and Bhutan. So this is the regional presence in Nutshell.

EPD this is Energy Pumps Division, Shirwal some of the photographs outside view as well as inside view. This is IPD, Irrigation and Process Division in Pune. We have some more photographs of IPD. This is the inside view. SupremeServe and Central Warehouse, this is at Chinchwad, Pune where we have an excellent center. And this is a Central Warehouse photograph inside of the unit. Standard Pump Division, this is in Sinnar, Nashik. This is the outside view and this is the Standard Pump factory from inside view. We have a foundry at Vambori near Ahmadnagar. This is the inside photographs of the foundry. Valves Division, this is in Coimbatore, Tamil Nadu. This is the inside view of the Valves Division. We also have a MIL Control Limited, which is the associate company, which is in Kerala and into Valves Manufacturing again. This is the inside view of ML.

Recently we have inaugurated our Kolkata office. So we are owning this office now and we have already moved to the new office. We also have an associate company KSB Tech Private Limited which is into an engineering services and IT services and this is providing the services to the group. This is in Pune City, KSB Tech.

So coming to next topic, applications. So we are into energy, industry, water, wastewater, construction and SupremeServ. So energy, the products which covered high pressure multistage pumps, vertical inline pumps, GGC and ball valves, and applications for boiler feed applications, condensate extraction, et cetera.

Industry application we have end suction pumps, process pumps, non-clog pumps, high pressure multistage pumps, confirming API 610 latest addition, GGC and ball valves.

Applications, again for boiler feed applications, oil and gas, sugar, paper and pulp, handling of thermic fluid, petrochemical, et cetera. Into water, submersible pumpset, openwell monobloc pumps, mini-monobloc pumps, dewatering pumps, solar products, GGC and ball valves again. And applications are irrigation, farm houses, firefighting, drinking water supply, et cetera.

Next application segment is wastewater. Submersible motor, non-clog pumps, horizontal non-clog and suction pumps, GGC and ball valves. Application into various types of municipal and industrial wastewater, sewage, effluent transport and treatment, storm water drainage, dewatering, et cetera.

Construction again, submersible pumpsets, openwell monobloc pumps, mini-monobloc pumps, dewatering pumps, booster systems, GGC and ball valves. Applications are into drinking water supply, firefighting, HVAC et cetera. SupremeServ this is into spare parts. So we have segments like spare parts, repair, field services, modernization, and replacement pump that is footprint pumps. These are our segments under SupremeServ.

Moving ahead, this is on mining business update. So license agreement signed for seven sizes. Order based development under progress for five sizes. Prototype testing done in July '23, expected good forecast '23 to '25. And vertical pump and rubber line pump under the discussion. So these are the photographs where these LCC pumps manufactured, assembled and tested at IPD plant that is Pune.

Solar business, further update. We have been discussing this. So business on track and expect to surpass the budget in 2023. Expecting good business in 2024 on account of SECI that is Solar Energy Corporation of India tender participation and participated in 15 states. And another update is DC motor manufacturing capability established

till 10 HP. Controller development under progress. First prototype expected by September '23. So this is on solar update.

Coming to overall highlights for quarter two 2023. So quarter two order intake at ₹6165 crores growing by 26% over quarter two of 2022. Received FM packager certificate for firefighting pumps. Solar business as we discussed qualification for SECI. SAP Warehouse Management Implementation, this is under digitalization, we'll be discussing again. Export business around 4 Mio USD that is ₹32 crores approximately export order. What we got is from Petrofac, Algeria in June '23. Zonal office we have seen the photographs. So that has shifted to new location now. And prototype order railway segment which we discussed last time that is received from Siemens for Vande Bharat train.

Moving ahead, top 10 customers continues to be Thermax into energy, Megha Engineering in Petrochem, IOCL, BHEL and again into energy, Rushabh Enterprises some of the dealers, ISGEC Heavy Engineering, NTPC and some of the dealers like Patil, Pooja and Thyssenkrupp also.

YTD June continues to be Thermax, Megha, K C Cottrell into energy, Petrofac, Algeria will be discussed the export order. And some of the dealers. Rushabh, Patil. And of course, NTPC and hydraulic engineering.

Order intake overview. Distribution, this is for domestic business. YTD June '22 versus YTD June '23 so if we see more or less standard pumps we are around 42%. Engineering products that is around 26%. SupremeServ it is 14% and valves it is 18%. Net financial position, if you see without nuclear this is from ₹233 crore which was there in '22. And we are at ₹222 crores YTD June '23. So despite of more working capital with the growth in the business. We are maintaining the net financial position.

This is update on NPCIL order that is GHAVP project status for RSR 400 pumps. So plan to deliver two pump-motor unit in last quarter of 2023 to Tarapur for testing. Major investment which are completed in first six months. Land upgradation. IT hardware, so a lot of digitalization and IT related work. Kardex. Again, machine we are replacing the old machines so those CapEx. Nuclear infrastructure for TAPP. Kolkata office we discussed. Shirwal office building that is admin building, which is under construction. Other office renovations.

Patterns, tooling dies that is the routine CapEx and other around 91 million.

Revenue trend which you are aware. So last year we closed 18,420. and in first six months we closed at 10,089 this is million INR. Profit before last year we were ₹240 crores and up to June six months we have achieved ₹138 crores into PBT.

Some of the digitalization updates. So Paper Lite Organisation, we are into digital IBR approval, pre-dispatch inspection, purchase requisition process which we have digitalized and avoided the paperwork, customer experience upgrade that is into solar pumps, SAP Warehouse Management we discussed, and advanced shipment notification B2B.

Some of the branding activities, exhibitions. So this is IPS Techno Galaxy 2023, KSB participated at NTPC IPS Techno Galaxy 2023 exhibition, Agree Index, Coimbatore this was another exhibition which KSB participated.

ESG update. So 2022 year end that is 4398 MWH what is under energy saving and around 3474 metric ton of CO2 that is the reduction numbers. And '23 this is estimated where we are estimating 6286 megawatt and energy saving into CO2 it is 4965 and you can see the photographs where we have installed solar system at various plants.

Another energy saving some of the measures like we have an electrical vehicle, which we use for interplant transport. Biogas installation at EPD that is another example and garden decompose machine at IPD plant. These are a few other examples. We are working, there are many projects like this.

Tea plantation into our plants as well as around other surroundings. So 3,000 plus plantation in manufacturing location and 28,237 plantation in surroundings. Water management, rainwater harvesting. So you can see the photographs in our EPD, Coimbatore, Vambori and Sinnar plant. So 77 plus Mio liters, which is these are all pits where rainwater harvesting is being done already.

Further ESG activities into governance. So we had an awareness session on prohibition of insider trading regulations where the external consultant as well as internal secretarial team, they have given a kind of a training and knowledge awareness session to all the managerial

staff about undesignated persons, which is around 150 employees on various SEBI regulations, code of practices on UPSI, et cetera.

Further ESG activities into social activities. So you can see the photographs like badminton tournaments, monsoon trekking, women Day celebration and cyclothon as they say.

Training and engagement. So we had technical meet at ONGC Hazira, technical seminar - UPJN Allahabad, seminar in Utrakhand Peyjal Nigam - Haridwar, and technical presentations in Dhanbad and technical seminars in Synthite Industries Private Limited. Training to KSB companies and dealers. So we had this event in Indonesia, Jakarta, Thailand were and of course Bangkok. So we have presented our product feature in this training session.

CSR activities. Of course, KSB always been in a very big way into CSR activities. So these are some of the photographs and events where we have provided support to skill development program for BSc Nursing for underprivileged girls in rural area. Pragati school, Shirwal where again this is for children to encouraging them to pursue the education. Seva Sahayog school, Pune distribution of school bags.

Some of the further woman skill development, beautification and fashion designing support. Further environment activities where we have provided garbage van donation at our Kesurdi, Shirwal plant. Pimpri police station where we have constructed the ladies restroom and donated the water purifier. This is the government GPP is a government polytechnic college in Pune where we have established fluid mechanics and machinery lab for the students.

You can see the ESG rating under CRISIL so latest CRISIL ASG rating KSB. So environment, social and governance. Overall score is 51 and company has published Business Responsibility and Sustainability Report, BRSR report in April '23 for the financial year ended '22. So companies are main leaders to voluntarily publish the BRSR for the financial year ended December '22.

Yeah. So that's all as far as presentation is concerned and forum is open for question-and-answer. Thank you.

Ashwani Sharma:

So can raise your hands and ask the questions. Mic will be circulated. Yeah please.

Unidentified Analyst: Hi. A couple of questions, Rajeev. One is on the nuclear side. So what revenue you expect in this year '23-'24, because it's going for testing. So in '24-'25 what revenue you expect to recognize? So I'll ask other questions later.

Rajeev Jain: Yeah. The first pump is near completion. The process is that we'll send the casing first, which has to be welded at their test site, which will happen in this or next month latest. And then the motors and the pumpsets will be that we expect to send it out by the last quarter. If everything goes well. When I say everything goes well, means they have their test bed properly made for testing of the pump, which is also on work under progress. So it's not yet ready. So the testing part, the test bed, the completion part, all those are kind of challenges still to be completed.

So the revenue we expect is next year, most probably. And to be a bit on the conservative side, I would say two pumpsets complete out of the four. The official delivery is four pumpsets by April '24. But as I mentioned about the challenges, so we expect scenario, a best case scenario of two pumpsets by then. But if the things change and things happen as per plan, then we are ready with the four pumpsets by April '24.

Unidentified Analyst: In revenue terms?

Rajeev Jain: In revenue terms, two pumpsets would be half of whatever the order value, around ₹500 crores. So it would be ₹200 to ₹50 crores.

Unidentified Analyst: Second is Rajeev on the exports. So what is the export percentage in revenue and how do you see next two, three years? Because you're receiving good orders now in exports? I mean, the last time we met, you were a bit conservative on exports.

Rajeev Jain: True. Yeah. Export what has happened is that if you've seen our journey, we have added so many products in our range, in our basket, and especially for the petrochemical market, refinery market we call it API pump spanner, which are required.

We now have almost complete basket which was missing some years back, whether it is a BB3 pump, BB2 pump, the vertical VS6 pumps. All those ranges we have completed, we have backed orders. We are creating that PTRs plus with the acquisition of BP and CL, all the other machine ranges are also available now.

So that gives us a very good position in the market with the completeness of the product range in this sector and this success, we have started seeing now, the first is already mentioned in our presentation is the order from Petrofac for Algeria.

This was almost a \$4 million order. A couple of more orders are in the pipeline or received, I'm not yet sure. But these are all in the Petrochemical sector. So, what I want to say is in this segment now, our competitiveness, market accessibility has improved much more.

And in most of these products, we are the only manufacturer within the group. So that gives us an addition leverage in the sense that BB3s for one example, BB5, these are pumps made only in India by the KSB Group, that is pertaining to the Petrochemical refinery market.

The other market, the energy segments also with the condensate pumps. There are boiler feed pump, condensate pumps and cooling water, in these three big packages, the condensate pump again is made only in India within the group.

So all the power plant projects, whatever they are, with Siemens, with G and the other big contractors there, there we invariably get the condenser extraction pumps. And that's been our success also in the couple of months, we are going into new territories.

We got some orders from Calik Enerji in Turkey that was including boiler feed. So these are new customers, which we are exploring, some EPCs in Spain, the U.S. market. So with our product range, basically it's our product range and the fact that we make it the only one in the group for condensate extraction pumps.

The boiler feed is served out of Germany, even though we make and in some cases we get those business. So this has given us good opportunities in export, apart from the fact that also for standard business, standard pumps, this we do through our inter-companies where our water pumps, process pumps, all those pumps, those are regular dealers or small OEMs business.

So yes, I would say export is looking up and I hope that we can have a better hit rate than before and this should hopefully continue.

Unidentified Analyst: Any target you have for revenue terms, percentage to your total revenue?

Rajeev Jain: Yeah, ideally we are targeting 20. We reached that target some years back then. It's not that the percentage went down. But that was more because the growth in the domestic market was very high. It was absolute terms. The export always grew, but not in the same proportion as the domestic. But now I see it's a very recent thing. So I am bit guarded on that. Let's see. But I am optimistic that exports should pick up with our enhanced product basket.

Unidentified Analyst: Last question on firewater pumps. I think we are new in the category, right? So where are we now and how do you see that coming into commercial over next three years because that's a big opportunity.

Rajeev Jain: Yeah, that's a big opportunity. I agree. For long we have been not very present in this market. We saw that opportunity and we again started developing products for that. Some years back, if you remember, Gamma pump, we introduced 10 bar split case pump.

So that helped us to make some inroads there. Very small entries. Then now we have started making the Omega pump, which is the 16 bar pump for high rise buildings and higher pressure. So those pump is also available.

We got our plant also approved for FM mutual factory mutual certification as an assembly packager. So as an assembly supplying FM systems, we are already approved and in the future we want to bring the FM products as well.

That's a process which will happen over a period of time. So I would say we are at the beginning of this journey and there are established players there and we hope with our market presence and with our product portfolio, we will try to take some share out of that market.

Ashwani Sharma: I request please restrict your question to two per person. Thanks.

Unidentified Analyst: That was an associated question. Would you now with your portfolio more complete in some sense, could you help us understand how your competitive landscape is and how we stand inside because API 6110, I think possibly the cryptos, and we also had large. So if you can help us understand vis-à-vis BHEL, Kirloskar, all the larger competitors, how do you sign?

Rajeev Jain: I think the competition for these products is quite high. There are a lot of players in the market, if you talk about API pumps. So it's a very competitive field. There are international and Indian manufacturers

who are very strong in this market, who have been presence since long.

So that competitiveness remains. And when the market was good a couple of years today the domestic market with some major projects slowing down, CPCL projects slowing down. So it's a very, I would say volatile market in that sense that it's like project business.

It's sometimes good, sometimes not so good. So I can only say it's a competitive market. Our position on that is always we don't want to have these orders with lower margins. We want to select or to participate in those where we can we feel it is profitable for us and not necessarily that we go fully for market share there.

So competitiveness is there. Our position, I can't guess it. It fluctuates a lot. At some point we may be good, some point. So today I can say that we are bit more focused on export. Tomorrow, if the market picks up locally, we may be there.

Unidentified Analyst: And in your in-house with KSB Group, would you stand to gain more market share in terms of export opportunity because given now with complete basket plus maybe beside the opportunity per se has gone up once you address the entire addressable market. So would you say both growth and margins will see an upward inward from there?

Rajeev Jain: Yeah for sure, for sure I see that opportunities I mentioned that, especially in the Middle East Africa market somewhere in Europe, countries like Turkey, Spain, EPC contractors. So definitely we expect much more business compared to the past with our complete portfolio.

And this is something which has to be seen in long-term sustainability because as I said, this moves very fast in the sense sometimes some contractors are successful, sometimes others are there. You need to be on the approved vendor list.

So all those things have to match and then the music is played. So those things are getting better, I would say. And I feel the market opportunities and scenario is better for us today.

Unidentified Analyst: Hi sir, yes please. You very explained this export success that is mainly because of our internal capability has increased or you see external things also changing in whom you are replacing? What has changed? If you can talk a little bit more on that.

Rajeev Jain:

It is both the factor of internal and external, I would say. When I say internal I explained the product portfolio, the qualifications, the PTRs and the experience what we are getting. Externally, KSB has reorganized themselves into market segment areas, so the verticals are in market segments. That means you have dedicated focus on the market segments. So one is like energy, one is like petrochemical, so with this segmentation there is more focus in each of these areas and that helps to develop the overseas organizations in that focused manner.

So you have dedicated people with key accounts and handling those customers and having that competence in those segments. So with this sales channels, network and development and with our product development it's a combination of both that we are able to get a bit of better hit rate.

So I think it's a development on both sides and when you have those products and when you qualify automatically, the interest also increases overseas and then they put resources and then we work together with the overseas KSB offices. So this business can be direct from the customers but with full involvement of the front end local office who take the lead in discussions with the customer.

Unidentified Analyst:

Sir, also you mentioned that domestic growth is faster or higher than exports, which industry or which segment you feel giving us real more visibility or maybe little sustainable?

Rajeev Jain:

Yeah, I guess we have been mentioning that in the past. It's a growth all around. We see the investment in all segments per se. I give examples. One was Ethanol segment, Distillery segment which helped us with our standard pumps to grow. And this growth has been phenomenal, especially for our Pune IPD plant where we at one-time we used to do 150, 200 crores, but today we are doing 300, 350 crores.

It's almost double because one of that examples which I gave it's like locomotives I mentioned last time with the new investments in locomotives, Vande Bharat and KSB having the process that I think one of the biggest advantage of KSB is for every application you will find the product within the KSB portfolio.

And that helps us to also grow in this segment. The other remaining segments, sugar, pulp and paper, chemical processing, all these segments has been quite good for us. If you talk of energy, FGD

market business has been come at the right time when the coal market went down and we didn't have those boiler, big boiler feed pumps.

We got those FGD pumps for example. So that is there. Then the domestic market, especially refinery projects, so many projects, Greenfield, Brownfield, all those projects came up where we could participate and get a good share of the API business as well in this segment.

Then of course, apart from that investment in water, wastewater and other segments which we entered new, for example, firefighting is something new which we are. So it's also that we are getting into new segments apart from the fact that somewhere the market is helping us and somewhere we are entering new segments.

Unidentified Analyst: The last question is on this storage hydro projects which announced by Torrent Power and NHPC and related to or not later, maybe another opportunity on stormwater management and this flooding across the world and across the country. How you see the opportunity and our preparedness, our scope of work?

Rajeev Jain: Yes, sir. For the hydrogen storage, I think our parent company Germany is quite active there and developing products, developing relationships to the key OEMs there. So that is happening and there is a good orders globally for KSB. And in India, we have got a couple of orders, not major but I think whenever the Indian market matures in this segment, we will be ready there with our products, with our relationships to the main technology providers with OEMs.

So this is something which is there for the future and the products will be also available with KSB. And yes, the flooding aspect is a recent phenomenon which we are seeing in the newspaper globally as well in China.

So in India, we are not having yet those products, the dewatering, the flood control products which are truck mounted. So those are available in some other locations of KSB like Indonesia and some countries. So we are studying that and if feasible we may introduce those products in the future as well. So this is something which the environment and these global effects are coming which are making such opportunities in disaster management available.

So we are studying those and I would say that in future we may come up with those products.

- Ashwani Sharma:** Yeah, next participant please.
- Unidentified Analyst:** Hi sir, thanks a lot for the opportunity. First question is if you can give us the breakup of the overall order book non-nuclear, what would be the closing order book for the first half other than nuclear?
- Rajeev Jain:** Other than nuclear order book or order on hand around ₹1,200 crores.
- Unidentified Analyst:** And in this ₹1,200 crore order book major would be the engineered part, right?
- Rajeev Jain:** It's a mix of all, it's a mix of standard and engineered. So I would say since we are present in all segments, so the proportion would be similar to what you saw as the breakup.
- Unidentified Analyst:** And in engineered order book like earlier, the bulk part was through the FGD. Now what could be driving that basically the engineered business?
- Rajeev Jain:** The engineered business is a mix of FGD, a mix of refinery API pumps, it's a mix of high pressure boiler feed pumps for utility power plants or the OEMs which are there. So it's a mix of both I would say energy as well as petrochemical refineries.
- Unidentified Analyst:** Lastly like normally FGD pump used to call I mean we used to price at around ₹3 crore per pump. So let's say this boiler feed pump or API pump, what would be the average pricing?
- Rajeev Jain:** It's very difficult to say. These are very engineered pumps and it's a mix of pump as well as a lot of aggregates behind it. So there is no fixed price list per se. It's a very customized pump, so the cost, the price totally depend on the features. One needs the instrumentation, one needs the certification, the quality requirements, the testing, so it's very difficult to pin down an exact value to it.
- Jonas:** Hi, sir. Jonas from Birla Mutual Fund. Two questions. Firstly, on the industrial demand for pumps, so you seeing that FGD ordering is on its way down. The States still remain, but at least the Central utilities are done. You alluded to pet chem and oil and gas in the near-term being volatile, and we are seeing that the ethanol opportunity is also on its way down. So if you have to take an ex-nuclear view on the outlook for industrial pumps over the next two to three years, what would be the key sectors that you believe will come up and sort of not

just supplement the degrowth that we may see in these existing businesses, but even help you further grow?

Rajeev Jain:

Yeah, I personally don't see a degrowth happening in, for example, distillery, ethanol, these things. These maybe would continue for some years, I say, because looking at the first phase success, I think the government has preponed the targets or bought down targets much earlier. So I expect that investment to continue and see.

As I have been always mentioning that KSB is present in all segments, in all market segments. So there may be ups and downs in some segments but there are opportunities always in other segments which would come up. You mentioned FGD. Now FGD we were initially present only with the main pump absorber the big pumps. Around that there are many other smaller pumps in the process side, which we were not participating. So with our mining pumps now we are also started participating in those process pump as well. And you saw in the presentation that we are localizing this pump also. So with that competitiveness, we would participate there. We have built in additional segments like mechanical seal business. Last time we explained that we are also enhancing our portfolio with localizing of mechanical seals and that segment also we are growing.

Solar segment, which was what we entered or we wanted to enter a couple of years back, but remaining on solar. I would say we wanted to enter through an acquisition. But fortunately for us now we are empaneled in the Seki and we are already approved in nine states, nine states and out of the 13 states and almost there are 6 lakh pumpsets or the systems which are available. And we expect to get a good share out of that.

So there are so many other business opportunities. Solar I mentioned. Supreme Service something which we are focusing on, the aftermarket aspect, the spare parts. Mechanical seals. Segment wise firefighting is one thing which we mentioned. Locomotives is ones, we are looking at Navy defense as well. So there are segments other than that which we are looking into and we are ensuring that if one goes down then we have other options available. And that is I think KSB's strength that there may be up and down in some segments, but then we are present.

And even in nuclear, it's not only about the main coolant pump, it's about the other primary or pumps in the primary cycle and as well as secondary.

Unidentified Analyst: But then there are strike rate sort of falls because of existing competitors also?

Rajeev Jain: Yes, those will always be there I think. But the main thing is there are opportunities and opportunities for all I think players. And if we get a reasonable market share, it helps us with these market opportunities which are available. And today I see this outlook quite good for the next two, three years, that somehow or the other we'll have opportunities in those other segments. Like FGD you mentioned, it is not sustainable for long time, but if the new business goes down, it gives opportunity in the aftermarket of FGD. So that has parallelly started now.

So out of the pumps which we supplied 150, around 20 pumps are commissioned. And as the pumps get commissioned, it starts generating the aftermarket revenue. So something goes down, something comes up.

Unidentified Analyst: Thanks a lot for that. My second question was on the reversible pumps that are probably used in PSP projects, the pump storage projects. Currently, they're fully imported by another MNC. Do we have a play there? Because we don't see that in the parents product profile as well. We were going through the BPNCL product profile where we did see some reversible pumps, but they were very small in terms of megawatt terms. If you can talk about, do you plan to address that opportunity or that's not an opportunity that a pump manufacturer would look at?

Rajeev Jain: At present, we are not looking at that opportunity. I've not reviewed or we have not reviewed that. So I would say at present we are not reviewing that opportunity. I'm not sure how big is that opportunity, but and how big are our imports, but at present, KSB are not looking at it.

Unidentified Analyst: If I can squeeze in one more on the gross margin. Last two years, we've seen our gross margins sort of come off from the average 48%, 47% to about 43%, 44%. We understand there's an impact of raw material prices there, but how much of an impact of that is there even on sales mix as in the split between standard and engineered and how much of this can sort of mean revert if raw material prices sort of stabilize or even go down from here?

Rajeev Jain: If you see the trend of raw material prices, we have seen quite a bit of stability in the last three, four months. And this stability has given us confidence. And also we are negotiating with our partners to reduce

those from those peaks, which happened last year. So even the vendors feel confident when they see consistently a stability on these things. So we are getting some good agreements there. So I expect some amount of small benefits coming out of easing of commodity prices. Small, I would say.

And we have to also know that we are entering into new segments. We have a lot of strategic orders where we want to create references. So this puts pressure on those margins as well. But overall, yes, we hope to maintain or recover slightly those gross margins in the coming time, because we see basically that stability in those commodity prices as well as I mentioned earlier with our growth in other areas, we are not going after very low priced projects. And we want to stay away from those projects. So we hope the gross margins definitely should be better, if not the same.

Unidentified Analyst: Thank you, sir. This is [indiscernible] [00:46:42]. I just wanted to understand on your export mandate, so how does that work? Do you supply to parent in most of I mean, I believe that you're allowed to supply directly to few of the neighboring countries. But apart from that, how does the relationship work? Are you allowed to supply directly to those customers, or you have to go through the parent?

Rajeev Jain: So our export is always through the KSB companies overseas, when I say always through them means the customer contact. The final discussion, negotiation, clarification is done by the front end KSB company. The contractual part can be a mix of both. It can be through the local company or direct with the customer. It generally depends on values. If it's a big value contract. Then it happens directly. And if it's sometimes for small, medium-sized contracts it happens through the local KSB companies.

Because as you see the trend globally is also local content. Many countries are insisting on a local content. So in partnership with our KSB companies overseas we collaborate and some part of the pumpset accessories assembly they are doing at their end and we supply by sharp pumps. So it's a mix of both.

Unidentified Analyst: Sure. And the second question is around our outlook of ₹2,400 crore, ₹2,500 crore turnover by next year and ₹2,000 crore order inflow. Any change in those outlook? Do you think it can be bettered or given the environment we are in?

Rajeev Jain: I think whatever we have set our goals for future. We are quite well on the way, I think, and we should continue in this good way. And if the market supports us, then we should be able to meet our goals, targets, whatever we have set for ourselves.

Unidentified Analyst: Sure. Thank you so much.

Ashwani Sharma: Yeah, gentlemen at the back.

Unidentified Analyst: Hello, this is [indiscernible] [00:49:06]. The questions are mainly on solar. What is our play here like we have the stainless steel submersible pump and the controller both? And would we be like selling directly to retail farmers or we'll be more selling it to say ECC contractors like Tata Power or Adani just any?

Rajeev Jain: Yes, again for solar business it's a mix of both these things, we sell our bare pumpsets also all to these contractors. And in future, we are also venturing into making the systems complete. That means including panel, including controller, including the pumps and other accessories, and also maintaining them at site. So these systems, and that's what I mentioned, we've got empaneled for that. And we see opportunities coming our way for that.

For the product per se, we have the stainless steel product, the pump. The DC motor we have already started manufacturing up to 10 horse power. And the controller is something which we outsource. But that also in the future maybe we make it in house. That depends on how we can get the know-how and how we can develop it. At present, we outsource it.

So I would say it's a mix today. Most of the solar businesses, what we are doing is selling the pumps, pumps only, bare pumps and the motors. But moving ahead next year, I think it will be also a mix of systems.

Unidentified Analyst: Okay. Just an extension that the next KUSUM III order could actually be very large, around 8 lakh pumps or so. Within that, do you see space for a quality conscious player like us to make some margins also, because though the orders are large, it's a very, very cutthroat and less quality conscious market. Like how large can this be for you? Like can it be a ₹100 crore, ₹200 crore business in the KUSUM III itself or more?

Rajeev Jain: Yeah, it could be in that range. That potential is there. And yes, you're right, the competition or the margins are very competitive there. But I think there is room for a quality player like us and to sustain those margins with the volumes, of course. And proper reengineering making those things some in house and proper sourcing. I think still we can have reasonable margin, not something similar what you make on products. That definitely is not possible, because the accessories portion is bigger than the pumps or the bought out portion is more than your own manufactured.

But having a tight control on your fixed cost, having our network and everything. So, yeah, I think the margins are making it feasible for us to have that kind of business excellent.

Unidentified Analyst: Right. Thanks for that. And lastly, on the BPCL acquisition that we did. I saw we sold the compressor part and obviously we've kept all the pump designs and all. So any updates on that like have we like been able to commercialize more? When do the first spare part business come out of that?

Rajeev Jain: Yes, it's been a good journey for that BPNCL acquisition, so called. We bid for around ₹28 crores. And we have sold the compressor part to a company by our internal process. We sold it for almost ₹10 crores out of that. So one-third or more than one-third we recovered by the sell. And the remaining ones we have got so many inquiries now. We have started getting so many replacement inquiries, spare part inquiries, and if you ask me, the inquiry bank almost we have the offers on the table worth more than ₹20 crores already.

Our team is visiting all the customers who have those pumps and the first orders is already received. I have received orders, almost small orders up to ₹10 lakhs. For example, BPCL Kochi, we participated in the bid and we were successful for a long-term contract. That means a contract for two years and then the first orders for, and they will place the orders gradually. So this is just one example I mentioned. Similarly, there are other customers IOCL and other units of BPCL.

So we are very optimistic that the opportunity is very good and customers are happy that we have been successful here, because they were looking for a good quality company to have this product and take it forward.

Unidentified Analyst: Thanks. And last, if I may, just a follow-up to the gentleman from Birla. He asked a question that on the margin front. See, we have not

done any significant CapEx and our revenue has grown maybe three-folds in the last five years or six years. Is that pushing the margins to the edge or is there some scope for bottlenecking, because you are managing like just too much of revenue within the same space since the last six years?

Rajeev Jain:

Yeah, that's right. The margins are, as I mentioned, when you go into new segments, you have to take some strategic orders to get references PTRs, but our focus is always on profitable growth. And so far as much as we could squeeze in the revenues out of our existing fixed costs, we have done it. But in future, all those investments, big expansions capacity, we will be really focusing on profitable growth. It's not just the top-line that we want to do. We are leading in terms of our profitability as a pump company, since many years, and we want to maintain that leadership in profitability.

Unidentified Analyst:

Hi. Thanks for taking our question. Can you just elaborate a little bit on this FGD opportunity in the aftermarket? As in the replacement cycle, I think in the last three years, we've supplied a lot on the pump side. Now, can you just share with us what is the typical replacement cycle? What are the number of hours? Because they process sulfur, it's a very, very highly corrosive process. So I would assume spares, services, repairs would be a much short cycle than a lot of other pumps. Most of our pumps typically last a lifetime, right? So if you could just highlight a little bit about what is the kind of opportunity size that you're looking at once the entire kind of supply is done on the FGD side?

Rajeev Jain:

Yes, you're right. I think this is handling a very abrasive limestone slurry and other slurry. So the wear life, as per the specifications or the expectations on the contract are minimum 14,000 hours, and in some cases more. So this is what our pump is designed for with special metallurgy. It is beyond nor it duplex stainless steel. It's with a much higher hardness. Also, the casing lining, the specialized lining, which we are doing under know-how transfer. So this all enables plus mechanical seals made by KSB, all this enables us to qualify for those kind of stringent conditions.

So lot of pumps supplied, almost more than 150 pumps already supplied. Unfortunately, the progress of commissioning has bit slow there. And as I mentioned, almost now 20 pumps are commissioned. And yeah, as soon as those 14,000 hours are fulfilled, we can expect the aftermarket business in terms of impellers, all the wear parts,

mechanical seals, the casing lining repairs, all those things to start happening.

In fact, we have started getting orders for some parts like mechanical seals and all replacement already. So this revenue, I think will start much better in the next year, I would say, with these pumps getting commissioned in the next six months, if let's say even 50 odd pumps get commissioned, so then after 14,000 hours running, then we can see good replacement and this will continue because of the nature of the application.

Unidentified Analyst: At some point of time, would you expect this to become like a ₹50 crore, ₹60 crore annual annuity business?

Rajeev Jain: Yes, sure. That is the reason. This business is a very long-term sustainable aftermarket. And those figures with our installed base, so far we have got more than orders for more than 250 pumps. So once all of them are commissioned, this business potential is there.

Unidentified Analyst: Can you also elaborate a little bit on the addressable market for us on the mechanical seals and the valve side? I think so far we've discussed a lot on pumps, but not much as...

Rajeev Jain: Good that you mentioned that and divert the discussion to other things is. On mechanical seals, we ventured into this new product. Last year we sold almost 5,000 in the aftermarket. This year we are targeting to double that.

And this is a product which is the first one which wears out in a pump. And so the opportunities are much more there. So we are improving our network, our stockings, our product capabilities there also we started localizing these seals.

We are making them in our Pune plant. So the opportunity is immense. I said we are targeting to double and maybe in the future go much higher. So it's just the start of the thing. And the biggest advantage we have is that we have our active market.

That means our pumps, if they go with KSB seals, then we already create a future market with that. And that's what our intention is also to supply as much pumps with KSB seals so that in future we can service them as well.

On the valve side, if you ask, one of our success story has been valves in Coimbatore, that unit today it is growing and this year they should meet all the targets. The profitability is much more than what we had budgeted. So all the margins, which we kind of have pressure on due to the engineered and the project business. The standard business, the valve business especially, and I would like to mention Coimbatore is doing quite well and they are showing a growth of more than 15%, 20% in revenue every year-on-year and a profitable growth and their profitability for many years has been on the lower side.

But I think they have also entered to the double-digit profitability with their top line revenue growth and maintaining a good control on the fixed costs within the same premises, within the same things, good efficiency improvement, internal efficiency improvement, process changes we are able to churn out much more revenues and it has helped the bottom line. So valve has been a good story. We have been able to add traded branded valves, traded products.

Valve business is like a complete basket. You need to have a good complete range which we have done over the years with ball valves, butterfly valves which helps our dealer network to have the complete range.

So that has been one of the good success stories for the company and it has helped improve the overall company performance as well.

Ashwani Sharma: Next participant please.

Unidentified Analyst: Sorry, just one last question. Any update on MIL Controls, the JV that we have where any plans to merge it in the listed company or expand it further or anything that you can share about that company because usually we don't end up talking about that company?

Rajeev Jain: Yeah, nothing that I know of that is running independent. It's a control valve company, it's a different product, complete compared to us. It's also doing well with profitability in the range of 11% bottom line.

It's in control valves, mainly Globe control valves. Recently, they have acquired the ball valve range from our group company, KSB Brazil. They are making their own developing their own smart positioners. In fact, I was there yesterday for our board meeting there also. So a lot of good progress there. They are on their own. They are developing products for their market, there's no plan of any change in technology or joint ventures or anything of that sort.

They are having their organic growth together with their own products, and they are also registering double-digit growth and maintaining a very good profitability. So, a good partner for the group. In fact, one of the product you must have seen is the auto recirculation valves, which they developed, which goes with the boiler feed pumps.

And in the country, it was imported from German companies, which now is totally indigenized. And they have almost sold 300, 400 numbers in this year itself.

Unidentified Analyst: Thank you. All the best.

Unidentified Analyst: Hi sir, on BPCL, there was also an opportunity to export that products plate, given that it's not existing with a global parent. Is that understanding right?

Rajeev Jain: Come again, please.

Unidentified Analyst: With the BPCL, the drawings that we were trying to digitize, I believe that is a product which is absent from even the global parents product plate. So is there any export opportunity that can emanate out of it? Could you just give us some sense of what that means in an overall context over a three to five year period?

Rajeev Jain: Yeah, sure. I think the BPCL products fill in a lot of gaps in our product range globally. So that's an opportunity. We will have to upgrade them to the API latest editions because those products are from the old versions of API and this will have to be done, which is our intention also to fill in the gaps where KSB doesn't have a product portfolio.

So right now we are focusing on the installed base of BPCL. But in the years to come we will definitely look at the missing products which are readily available in their range portfolio and adapt them and qualify them for being a part of our portfolio for the new business.

Unidentified Analyst: And even in that time horizon of three to five years, even in the domestic 4,000 pumps I believe is installed base, do you think it can result into ₹100 crore kind of an aftermarket at some point or it's too low an amount?

I mean, could you just give us an idea of, because we have zero idea on that?

Rajeev Jain:

I wish it is like what you say, but we are taking in small steps where we feel there is a good opportunity and it takes a lot of efforts because over the years the customers have diverted to some small players, some to pirates and it takes a lot of effort to bring back those customers to our fold, with our quality, with our reliability and with firm reliability, I would say customer. So that all efforts will have to be done. It's not easy. So those efforts are going on. And yes, I would say there is a good business opportunity.

It's difficult to quantify it, but definitely I would say it's worth the investment which we did. Not only in the aftermarket, but as I mentioned, the new business, the product portfolio, oil and gas, even in nuclear, there are some products like reciprocating pumps, which we are looking at.

So the opportunity is immense. And to quantify it today would be difficult, but it's a good opportunity.

Unidentified Analyst:

And recently, I think the Global Chairman had visited us. Any incremental conversation about them shrinking their global manufacturing footprint shifting because you did mention this time that there are a lot of products where India is the only manufacturing hub. Could you just give us some idea of how that manufacturing global footprint will kind of shift over the next five years?

Rajeev Jain:

Yeah, I think KSB being a global company, they have to balance out all the manufacturing network globally. We have manufacturing in China, Brazil, Europe. So each one of these entities or location region had their own competence of the product, they are catering to.

So the group is happy with our performance. They had visited us and they are encouraging us with lot of new product licenses. You must have seen that all these new products which we are bringing out whether it is a pump for Vande Bharat locomotive whether it is a product for FGD, whether it is a product for firefighting, whether it is for mining, all those support we get from the group that it is all this knowhow and I would say international well proven knowhow are available and they supported us for our local market.

And exports is something which is done on a very strategic level to see where each locations is competitive. So that is done and handled with a Group directive that they give all the global locations a chance to participate in the export market. But India market is so huge that we

are happy with the domestic opportunities and the growth which we get.

Ashwani Sharma: We will take last two more questions.

Unidentified Analyst: A couple of questions. One on the nuclear power heat tinkering, last time you mentioned that there was some kind of which is [indiscernible] [01:09:36] seem to be heat and what is the status on that, number one? And number two, the order book number, what you mentioned ₹1,200 crores looks like it is a bit lower than last year at ₹1,300 crores. So that was second question. And then third question, if you can give us a sales breakup, like to get a perspective, which segment has been growing well for us because Q2 numbers are up 32%, half one is up 25%.

And maybe I'll request if you can pull up the slide of order intake, which was the breakup, it will help us. Thank you.

Rajeev Jain: The first question was on the fleet tender. I think out of the 324 pumps, I think the eight pumps were decided with us. The remaining tender for 24 pumps, the inquiry has to come out depends on NPCIL schedule. Maybe this year, maybe next year, whenever. But it should come out in the next coming months. That is depending on this.

Unidentified Analyst: Total of 24 and eight is already completed.

Rajeev Jain: The first eight GHP we came and the next tender was for 24 pumpsets. Out of that 24, eight pumpsets were finalized. That was Kaiga. And the remaining 16 have to be retendered. So those will come anywhere in the future. Very hard to predict.

Unidentified Analyst: But these are all boiler feed pumps and primary...

Rajeev Jain: These are primary reactor coolant pumps, the main reactor coolant pumps, PCPs, primary coolant pumps. This is in the primary cycle. And apart from these pumps, there are other pumps in the primary cycle as well as secondary cycle. So that for the first project GHAPV, that will get finalized, there are some tenders which have been submitted, some under discussion, some will come so that business is also separate from these main pumps.

Unidentified Analyst: For the first Kaiga...

- Rajeev Jain:** First for the GHAPV, there will be other pumps other than the main pump which are yet to be decided both in primary as well as secondary cycle and the main coolant pumps for the other sites for the fleet tender, those I think I mentioned that it will come somewhere in the future.
- Unidentified Analyst:** And on the sales growth rate of 8%?
- Rajeev Jain:** Sales growth, this is the order intake growth. Yeah, please go ahead.
- Mahesh Bhav:** Order intake if you see June '22 is around ₹9,000 plus million and June '23, what we are talking is ₹11,000 plus million. This is without nuclear.
- Unidentified Analyst:** Sorry, current year, how much you said?
- Mahesh Bhav:** Current year is 11,000 -- ₹1,100 crores.
- Unidentified Analyst:** Against 900?
- Mahesh Bhav:** Against, yeah, 9000, correct, 900.
- Unidentified Analyst:** No, if you can also give us a sense on the breakup of the revenue because earlier you used to share and basically it will help us to know which segment...
- Mahesh Bhav:** Breakup of revenue, you mean sales breakup? This is order intake breakup.
- Unidentified Analyst:** Yeah.
- Mahesh Bhav:** So breakup of revenue is roughly 45% plus is a standard business, it is hovering around 45 to 50 and around 35 to 40 is a project business and remaining is service and service and spares business.
- Unidentified Analyst:** [Indiscernible] [01:13:12].
- Mahesh Bhav:** Yeah, roughly, it keeps on changing actually share. Share of the revenue I'm talking.
- Unidentified Analyst:** And the growth, it change significantly in last six months and what is driving this strong growth?

Rajeev Jain: It's not changing. The percentages are almost similar. There is no particular segment which is outgrowing or growing much more appreciably than the other. If you look at all our plants, they're equally all growing in that same way whether it is standard or engineered. So that share of standard, what Mr. Bhave mentioned and the project engineers, that almost remains same with maybe a variation of 2%, 3%.

Unidentified Analyst: And what would be export share?

Mahesh Bhave: Export as discussed, this is presently around 15%. And as we discussed, because of the growth in domestic, it was 20%, maybe three years before. And that is what we discussed that we always have a target to reach to that level actually 20%.

Unidentified Analyst: I have one question on the order book which is a bit lower at ₹1,200 crores versus ₹1,300 crores.

Rajeev Jain: That information is not correct. ₹1,200 crores is increase in order book position compared to last year, we mentioned last year was ₹900 crores. So there has been a considerable increase in the order booking and order land situation.

Unidentified Analyst: Thank you.

Ashwani Sharma: Yes. Lastly, one question from my side. So in your standard pumps if you could just tell us the end markets which are the end markets which are showing you strong inquiry pipeline so whether it is water, agri, wastewater. Can you comment on that?

Rajeev Jain: Again, I would not single out any market. Agri market is in our standard business we include Agri domestic, that is what we call as residential, we call it commercial building services which is building services, then we call it general industry. So these are all segments and plus small bit of water, wastewater, small because water wastewater is a combination of smaller and bigger projects. So in all these segments, we see an equal double-digit growth everywhere.

So again, very difficult to single out anyone. These products are made in our Sinnar plant, in our Pimpri plant and the growth in both these plants is almost similar. So I would say all these segments and when you talk of general industry I mentioned it is distillery, it is pulp and paper, it is sugar, it is thermic fluids applications, so all these applications are there where we are there. In commercial building

services of course you have HVAC, you have firefighting, all these applications are also there. Since we are venturing into all these applications, growth is there in all these segments.

Ashwani Sharma: So one last, in FGD last time you said that you have around 169 or 170 order book yet to be supplied. How much is that now in the order backlog?

Rajeev Jain: Yeah, now our order intake is 250 plus, 260 to 270 pumps out of which we have maybe supplied somewhere between 100, 150, so more than 100 is still available in the backlog.

Ashwani Sharma: Okay, thanks. So thank you. So we have reached to the end of the today's Investor Meet. I thank the management for patiently hearing our queries and answering. For closing remarks, I request Mr. Jaideep Goswami, the Head of Equity at ICICI Securities.

Jaideep Goswami: So I take this opportunity to sincerely thank the top management of KSB Limited to this Analyst Meet and investor interactions, it is very useful and very informative so thank you so much for your time and look forward to hosting you again in next quarter.

Rajeev Jain: Thank you.

Jaideep Goswami: Thank you.