



05th March, 2025

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 20th February, 2025 and 28th February, 2025 enclosing herewith the Transcript of the Institutional Investors Meet held and participated on 28th February, 2025.

Kindly take the same on your records.

Yours faithfully,
For KSB Limited

Shraddha Kavathekar
Company Secretary

Encl. as above

MANAGEMENT: Rajeev Jain - Managing Director
Mahesh Bhawe - Chief Financial Officer

Presentation

Unidentified Participant: Hi, welcome you all to the Q4 and CY '24 Institutional Investors Meet of KSB Limited. Today with us, we have on the dais, Mr. Rajeev Jain, Managing Director; and Mr. Mahesh Bhawe, Chief Financial Officer and Ms. Shraddha Kavathekar, Company Secretary.

We'll start with the detailed presentation for the management, which will be followed by Q&A. Over to you, sir.

Mahesh Bhawe: Good morning all. Thank you ICICI for arranging this. So I'll start with a cautionary statement as usual. This presentation may contain certain forward-looking statement relating to company's future business development and economic performance. Such statements may be subject to number of risks, 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 exchange rates, and general financial market conditions, delay or inability in obtaining approvals from authorities, technical developments, litigation, adverse publicity, and news coverage, which could cause actual developments and result to differ materially from the statement made in the presentation. The company assumes no obligation to update or alter forward-looking statement, whether as a result of new information, future events, or otherwise.

Good. So, today, we start with a KSB Group at a glance. We thought of sharing this so that you understand worldwide, what is KSB as a brand, as a company, as a group. So KSB is having around 300 locations around the world. You can see the world map. This is where KSB's production assembly sites, and sales and service sites are involved.

Global presence, 37 production sites in 18 countries, around 3,500 worldwide service staff, service workshops around 190, additive manufacturing centre one, and we have spare part warehouses for you, we can see, and nine foundries in three continents.

So KSB Group companies over 60 countries. You can see this, our very strong KSB's presence in America, in Europe, Middle East, Africa, and Asia-Pacific. So this is some historical KSB through the

years. So it started in way back in 1871. And some of the milestones, that 1890, we can see the Frankenthal started with 12 people, and become a public limited company in 1887. So another milestone acquire five German companies. You can see the first outside Europe, thing in Argentina. We started way back in 1941 and further milestones and sales and production companies in all continents in 1950. Workforce, of course, rose to 11,000.

This is a BOA compact, globe wall is launched to the market 1989, and of course, further milestones in '14, '18, '23, we can see SupremeServ monitoring delivery, transparency, and reliability for pump operators. So this is KSB management, KSB SE. We can see Dr. Matthias Schmitz, who is our Group CFO; Mr. Kannefass, who is our CSO; Dr. Stephan Timmermann, who is our CEO, and Dr. Stephan Bross, he's our CTO. That is the Chief Technology Officer.

Coming to KSB India at a glance. So KSB India, KSB Limited established in 1960, headquartered in Pune, Maharashtra. And you can see the network. We have six manufacturing plants, six service stations, 350 plus service centres, and 22 warehouses, four zonal offices, 14 branch offices, and more than 1,100 dealer network.

We have associated company, KSB MIL Control. This is acquired in 1997 and headquartered in Kerala. KSB Tech Private Limited is a captive unit providing engineering and IT services to the group, and this is headquartered in Pune, Maharashtra, established in 2005. And, of course, we have a licensing office in Bangladesh.

You can see the photographs of our plants. This is Pimpri, Pune, where we have industrial as well as standard pump. Shirwal a state-of-art energy division plant near Pune. Water Pump Division in Nashik. This is our standard pump factory. And Vambori, we have a backward integration. This is in Vambori, near Ahilyanagar. Coimbatore this a valves division in Tamil Nadu. Coming back to Pune again at Chinchwad, our SupremeServ division where we have a central warehouse and service backup. And MIL, we discuss associate company in Kerala.

A few milestone for KSB India, as we discussed, established in 1960. Foundry, in Vambori near Ahilyanagar, we started in 1974. Chinchwad plant, we started in 1978. Valves division in Coimbatore we started in 1987. Energy pump division as we discussed, it is a state-of-art energy pump plant. We built this in 2017 recently. KSB

Tech started in 2005. MIL, as we said acquired in 1997, and water pump division in 1994.

KSB Limited Board of Directors, Mr. Gaurav Swarup who's the Chairman. Dr. Stephan Bross, we have seen, he's a Non-Independent and Non-Executive Director. Dr. Matthias Schmitz, he's again Non-Independent and Non-Executive Director. Mr. Jain who is with us today is a Managing Director. And we have four Independent Directors, Mr. Ulhas Yargop, Mr. U. C. Muktibodh, and ma'am Sharmila Roychowdhury, and Mr. Vishal Kampani.

This is the senior management of KSB Limited. Mr. Nitin Patil, Vice President Nuclear Business and Operation; Mr. Mohan Patil, who heads HR; Mr. Jain, of course, Managing Director; myself, I'm handling Finance; and Mr. Sunil Bapat, Vice President of Solar Business and Sinnar operations; and Mr. Prashant Kumar who heads Sales and Marketing.

Moving ahead with financial performance. So, total employee strength is 2165 as of 31/12/2024, and quarter ended, as you are aware ₹726 crores, and the year ended with ₹2,533 crores. And PBT level, you can see ₹938 million and ₹3,220 million.

So a very good growth story, I would say. You can see the CAGR revenue from operation with very robust 20% growth. We ended at 25,331 million. Profit after tax, again, a very robust CAGR 25%. We ended, December '24, ₹240 crores. And EBITDA level, you can see again a very robust 18% CAGR, and we ended with ₹350 crores.

So value creation for investors over last five years, again, a good story. Net worth, you can see ₹14,251 million. Again, a good growth. EPS, you can see ₹13.84. ROCE, this is with cash and bank balance. So it is, again a good story of 23.42%. And if I take out cash and bank it'd be around 29% to 30%.

Dividend, again, what we declared, yesterday is a 200%. Again, a good steady and robust growth story. Inventories, you can see good improvement. You can refer the DIH. That is number of days. It is reduced from 96 to 83. Lot of efforts in all plants, and that has resulted into a good control over inventories. Receivable this is also under control. You can see 74 days, even including solar. We are maintaining this very well. Cash, good improvement. You can see \$323 crore as net cash position as of December end.

Some of the business highlights. So fields of application for our products, we are into energy, building services, general industry, petrochemical and chemicals, mining, and water. So these are six market areas and 21 submarket areas where we are operating. Order intake with nuclear, again, a very good story of CAGR, 19%. You can see '24 it's ₹27,035 million.

Orders in hand, again, a very good thing, and you can see around ₹967 crores without nuclear, and nuclear is around ₹1,200. So overall, ₹2,200, and ₹50 Cr orders in hand. A same slide where you are interested a segment wise. And you can see standard business is growing to 51%, which is giving us lot of opportunities. 16% is engineered, SupremeServ 14%, and 19% is valves, which is also growing very well.

So some of the success stories, few segments which we'll be discussing today. Solar, you can see order intake is very steadily growing as well as sale. Sales, we have done \$183 crores in 2024. Successful development of DC motor, MNRE approvals for our solar products, successfully qualified for MNRE tender under PM-Kusum scheme. 7,000 plus system order received from Maharashtra, Uttar Pradesh, Gujarat, Haryana, and Rajasthan, and recently qualified in three states that is Meghalaya, Tripura, and Madhya Pradesh. 5000 plus systems are installed so far, dedicated solar organisation and installation teams.

Moving to another success story, SupremeServ. So this includes the Spare Part business and service. So we can see very good growth in SupremeServ sales, and we ended in ₹233 crores in 2024, and many prestigious and important orders.

Valves business another very good success story. You can see the CAGR 21% growth, and many products which we added here. We have added compact ball valve launched for MEA market. We have new Ecoline Steam Traps, low emission valves, we qualified and a full bore forged. So these are new introduction.

As I said good CAGR even in order intake as well as sales. We reached first position in GGC domestic valves in 2022. Order based development, range enhancement, certification, qualification to meet customer requirements, capacity enhancement measure through contract manufacturing for low end products, efficiency improvement measures through semi-automation, flexibility, and hybrid sales, and

implementation of identified cost saving measures, inventory control through standardisation.

So we have certain very, very important certification, success story. Coimbatore is TSG Manufacturing License. So KSB Limited Coimbatore achieves prestigious TSG Manufacturing License for the state administration for market regulation that is SAMR. And this is for PR China making major breakthrough in expanding export capabilities for pressure piping components.

Another, in the mechanical seal, we have again very proud to announce that this is Avant-Garde Systems and Controls. This is a very prominent consultant in general industry has officially approved KSB Mechanical Seal.

Navy business update, products for naval ships. So we have a KSB Itur who is supporting us technically and on license front. So we have AU monobloc and KMND. So this is for Indian Navy, Mazagon Dock yard, Cochin Shipyard, Indian Navy, and yeah, these are the customers. Mechanical seal, again, a very good story. You can see mechanical seal order intake is rising 2024. This is \$13,065. And you can see the production also and the localisation 92% of component seals are localised and 90% import is reduced.

Firefighting pump update, another a very good segment. You can see, ETN, FXM two models tested and found okay, and remaining three models will be assembled and tested. Application for alternate manufacturing location that is AML is already submitted to FM and UL by KSB Germany. Another is with WKS 125 1450 RPM. That is Horizontal MSMO is developed and released in the market for sales. And you can see the order intake December '22 and December '23. And of course, December '24, you can see the steady growth. Another success story, BP & CL.

As you are aware, we have acquired this technology, and you can see the numbers is already, payback can be achieved in next two years. So order intake in '23, achieved is 42 Mio and order intake in '24, 162 Mio. Nuclear business update. As you are aware, a very positive news in this budget also. So we can see the order intake from '18, '19 to '24. It's a very steady order intake and 2,700 million is 24 order intake, which includes of course Kudankulam order.

Aftermarket is also very steadily growing. You can see a good growth and 235 million we achieved in 2024 in aftermarket in nuclear. Some

of the ESG and CSR updates. So it's a feather in cap that third-party assurance for GHG Emissions, Zero Waste to Landfill, that is ZWL and Zero Liquid Discharge, that is ZLD. So these are few environmental goal, what we have achieved.

Yeah. In, Kade, near Pune, we have this skill to employability. So KSB Care Charitable Trust and KSB Limited have been supporting tribal woman in the Khed region near Pune to provide them skill sets so that making them employable. So total, you can see 182 girls have been impacted and trained in the PCB assembly operator and beneficiaries are employed, and they are earning around 13K to 15K salary.

So this is a very good scheme. So Y4D is an NGO. This is Annual Day award, what we got for KSB Limited. Yeah. So that's it for today's presentation. We also would like to run, we are entering into domestic market where we have started some of the advertisement which we released in East Zone initially. Now we will be going for North Zone. So just to give you an idea.

[Video Advertisement].

Mahesh Bhawe: Yes, so we are open for question and answers.

Question-and-Answer Session

Unidentified Analyst: The payments are also delayed. So that is leading to, I mean the pace of execution has reduced. At least this is what we hear from the industry in general. So how has been your experience? If you can break it up into which subsectors are doing well and which subsectors are not doing that well from the project side?

Rajeev Jain: Government business, we are mainly in solar. That means directly doing the business with government sector. And in solar, I think the business and the potential and the growth is quite good. Yeah, there are challenges in terms of payments, the receipt of payments. But there is a process there. You have to finish the installations, get all the documentation, certification complete, upload it on the portal, and then it becomes really actual receivable. So that itself today for us is a bit of a learning curve.

We are understanding the whole process and strengthening that thing. But once it is done, it is the payments are happening even though I would admit that it is slow.

Unidentified Analyst: Excluding solar, if we see, the large projects like, water supply, irrigation, and even on the industry side, are there any delays that you are seeing in execution where your EPC contractor would have told you that please supply with a lag?

Rajeev Jain: We are not much present in the Water segment in the project site, irrigation. We are mainly in the dealer business, in the standard business. The project business is more focused on energy site and refinery and petrochemical. And industry, yes, but that again is through dealers. We don't do directly with the government sector. So that's why our exposure to government business is more on the solar and nuclear energy as well as petrochemical refinery. So I wouldn't be able to clarify on that point related to water projects.

Unidentified Analyst: And just last question on the nuclear side. Today, the pumps that we'll be using for the primary island, for the nuclear island, those pumps, are they indigenised here or we are still in the process of doing that?

Rajeev Jain: 100% indigenised.

Unidentified Analyst: So even for the reactor island, all the pumps are...

Rajeev Jain: 100% indigenised.

Unidentified Analyst: Liquid, sodium pumps and all.

Rajeev Jain: 100%. KSB's strength is that, we have been in this business for decades, and this localisation has happened in the step-by-step phase. And for the latest orders, we are supplying 100% in indigenous.

Unidentified Analyst: Thank you.

Unidentified Analyst: Hi, if you can quickly update us on the status of nuclear power execution, what is the status? How much are we likely to book this year and next year? That's my first question.

Rajeev Jain: Yes, I keep giving this information in every Investor Meet. Hopefully, this year, I may avoid that I should answer this next time. ₹100 crores is what we have planned, two pump sets. And the status is the test bed where it has to be tested is progressing. The casing was supplied some couple of months ago that is being welded, and the test bed should be ready by end of March. And once it is ready, the hydro test will

happen, and then the pumps will be tested in the coming months. The motors are being dispatched in this month, that means today itself.

So, I would say that we are pretty confident that we should be able to supply two pump sets, pump sets, pump with motor in this year, and that's what we have planned.

Unidentified Analyst: And what is the plan as of now for next year?

Rajeev Jain: Next year should happen four pumps minimum at least, sure.

Unidentified Analyst: And the second question is related to capacity utilisation. What is the capacity utilisation for us across plants? And do we have enough capacity for growth next year?

Rajeev Jain: Yes. Capacity, I would say capacity utilisation is quite healthy. I would rate it, between 85%, 90%. This is very healthy at each locations now. At most of our older locations, we are almost covered, all the ground coverage area except for our new plant in Shirwal. Even in Sinnar, the last shed is being built, which will be completed in couple of months. And then we would have hardly any space for further expansion. So capacity utilisation wise, we are quite good. On the readiness for capacity for growth, also we are investing in our plants in Shirwal and Sinnar, I mentioned.

Shirwal, we are building. We took care, taken a land. We are building the shed and expanding the capacity there. Sinnar, we should complete this shed in this year, as I mentioned. Apart from that, we are upgrading our machineries, old machines, replacing with the new four axis, five axis machine, which will be high end and multi-operation machines.

We have ordered also machine for mechanical seal manufacturing. So all this will enhance our capacity, machining capacity and machine building capacity. On the manpower front, yes, we are continuously taking in skilled young naps, apprentices, and other replacing with the people who are retiring.

So, yes, for the present situation, we are very well prepared not only for next year, but all the coming years because there is going to be good investment in nuclear in the coming years, and we need to have the readiness prepared in terms of machines first. And all those CapEx is being done in these years.

- Unidentified Analyst:** Sure. Thank you sir, and best of luck.
- Rajeev Jain:** Thank you.
- Unidentified Analyst:** Yeah, hi. Good afternoon.
- Rajeev Jain:** Good afternoon.
- Unidentified Analyst:** In thermal, I understand we have a strong opportunity to supply pump sets. So have you started, receiving any inquiries yet?
- Rajeev Jain:** Yes. That's a change which has happened, compared to the previous years. In the thermal sector, the supercritical plants were normally BHEL was the successful EPCs, and BHEL makes their own pumps. So we had less opportunity there. Except for FGD, we could not supply much. But recently, L&T has won three projects, and there are other EPCs who are bidding and successful, also in JSW project, West Bengal.
- So there is good amount of projects coming up and with the government announcement on to set up these plants in the next five years. And the first inquiries have already there. Now the technical bids have been submitted to L&T, and the finalisation should happen in the next quarter. So this is a new avenue of business which has opened up for the thermal sector.
- Unidentified Analyst:** Per megawatt term or if you could talk about like an 800 megawatt per unit, what could be our opportunity for thermal?
- Rajeev Jain:** Very difficult to quantify such things. Normally, for this kind of plants, we offer boiler feed pumps and condensate extraction pumps and some pumps for balance of plants. If you ask me, maybe a ballpark figure of ₹50 crores or something would be for each plant, but it depends on our hit rate and success rate on what different plants we get. But just as a figure which we would be satisfied or targeting would be this much.
- Unidentified Analyst:** And our valves business has done quite well in this quarter in terms of growth and in terms of margins. So is there a one-off in the margins, or how do you see the growth progressing for valves business for coming few years?
- Rajeev Jain:** If you would have seen our presentation, it's not only in this quarter. 21% CAGR year-on-year for four or five years. So it's a remarkable

success for valve business. Valve market is a bigger than pump market. And with the products we have developed, with the capacity, internally efficiency, improvement with our success with the OEMs and the dealers, we have been able to grow this business continuously. And believe me, there is no onetime effect there. It's all day-to-day business and regular business, recurring business.

So we're confident because the valve market is a huge market and our share is not big enough. There are many players. Normally in a valve market, it's a very scattered and lot of players. But, if we maintain our good sales network, our dealer network, and our product range, I think this helps us to grow and we are still targeting the same amount of growth year-on-year. And not only growth, it's a profitable growth. It's one of our best profitable divisions, giving profitability almost at 14% to 15% EBITDA in there.

Unidentified Analyst: Good to know. Thank you for your time.

Unidentified Analyst: On the industrial side, if you could talk about which end users are the ones where you are seeing traction. We understand petrochemicals refining is your stronghold. If you could talk in bit in detail about that, that's one. Second, if you could talk about the exports opportunity that you are seeing given that we are seeing a lot of opportunities from the other industrial companies as well.

The third question is if you could talk about the resi pumps, we saw the advertisement that what's the kind of market share that you have and kind of growth one should expect on that side?

Rajeev Jain: In which one?

Unidentified Analyst: The residential pumps.

Rajeev Jain: Residential, I'll start off with the third question. And the intention of showing you this ad was, KSB is a well-known brand in industry, and also in power plants and all other segments. But in the Residential segments, the Domestic segments, we are not one of the leaders, and this segment offers us a good scope for improving the business. But this segment requires a different kind of approach and more branding and reaching the households. It is a different segment, and that's why we have intentionally shown that we are now going in for TV ads, making ourselves visible in this segment. And this segment gives us maybe around ₹250 crores, ₹300 crores, but the potential is huge to double it or triple it also.

So this is segment, which we are focusing on as a standard business where we brand the products KSB and come out with a comprehensive product range. The product range is so comprehensive that it has to be customised, localised to the region's requirement, and that is what we are coming out continuously. And this scope is one of our focused target segments for growth. And it's not only products, we do brand labelling, cables, panels, motors. So it's a complete basket of products which we are doing.

So and that will continuously receive our attention and focus. Not only this advertisement, we just finished our Dealers Conference in Goa where we invited our top 150 dealers. So KSB is focusing a lot on this segment, which has been for decades our strength. 50%, 55% of our business comes through this standard business segment, which is mainly through dealers and OEMs. So we are now also, as I mentioned earlier, we are now also putting a focus on promotions specifically in the consumer segment.

Coming to the industry segment, yes, KSB traditionally has been very strong in the industry segment. There are two types. One is the refinery petrochemical, which is the API products and the normal ones, which is the non-API. So the API, this is very project driven. If there are projects announced, for example, HRRL project, the Mongolia project. So we have done quite fairly well with EPCs there, for example, mega engineering, so doing and also Haldia Petrochemicals. So such projects, whenever they come, we are pretty good with that. And I think more and more projects are expected in this year compared to last year. I feel the CapEx and the announcement and the movement of these projects will be much better in this year.

Exports also, with our continuous development of not only the products, also the foundry qualification for NORSOK and other requirements. We are upgrading our foundry. So that is making us much more qualified for many customers. And within the group also, the focus is to have these products out of India as well as China. So this gives us an opportunity. The Middle East market is one market for growth on this petrochemical segment.

On the export side, the U.S. is having a big boom in the energy segment demand, where we are bidding for a lot of boiler feed pumps through our subsidiary and company in USA. And coming to the normal general industry, that's our normal segments are the pulp and

paper, steel, sugar, distillery. And I think for a brief period, the distillery had slowed down, but I see that it is picking up again. And with our range in the pulp and paper as well as increasing our range in the steel market, so we see a better outlook this year compared to the previous year. So this business, we normally do through our dealers. And our strength has been that we are continuously adding products to the portfolio. The network is already there.

So as and when we add products, we of course, get a better accessible market, and hence it helps to grow our business in this segment.

Unidentified Analyst: One more question on the margins. Many of your peers are kind of talking about supply chain getting tighter import, because of the currency related cost inflation. How do you see the supply chain and the cost? If you could also, along with that talk about people cost, that's something that we are observing is rising in most of the industrial companies. And consequently, how does that impact the profitability margin trends?

Rajeev Jain: On the commodity side, I think it is quite stable. If you see, we are not very import dependent, very, very less dependency on import. Most of our supply chain is local, and we seek quite a good stability there for some months. And, hence, I would say that the supply chain costs, material costs are quite well in control. I don't see a concern there, since also we have very less dependency on imports. We only imports very, very few, some components for pumps, for sheet metal, and some FGD linings. Other than that, all are sourced locally. And, the supply chain in India is developing with over time as a lot of companies are coming to India, moving away from China. Same is with our group, who is also developing supply chain base here.

You know that our foundry also for cast iron, we have closed it step by step. We have come out of the cast iron business and almost 1,100 patents and the 3,000 metric tons of business. We have given it to other foundries here, and we did not have any issues. So I see the supply chain quite stable and nothing of a concern. People's cost, yes, I would say. This is an area where the growth and the special skill sets and that's a challenge which we are facing and we continue to face there. The demand is quite good in terms of the growth, which we are doing.

In fact, if you see, in the last three years, we have almost recruited more than 350 people apart from replacements. I'm not talking of people who are hired because of replacements. 350 positions is

additionally created, because of our growth. And that is just KSB as a company. So you can imagine, means how the industry must be facing this challenge, because it's not only about engineers or qualified people coming in. It's about the skill set and the experience and the readiness to do those jobs.

So that I think, but it's a work in ongoing. We are taking measures, developing, participating with also skill set companies and working closely with them to get a good input or pool of people to which we can hire. And this, and if you ask me today, still we have 150 positions which are open in the company. So that is an indication of how difficult it is. And one of the common topics in our company is recruitment and hiring, and I always get a feedback from our functions, it is taking too long. But, that is the situation today.

Unidentified Analyst: Thank you so much.

Unidentified Analyst: I have two questions. First is on the solar pump side. If you could please clarify the scope of work over there. Are you just supplying pumps, or does it include the modules and the EPC component of it as well? And the second is on your focus in the residential segment. Can you maybe flesh out your go-to-market strategy a bit more? What are the geographies you're targeting within the country? Where does the dealer penetration stand and what are the strategies are you pursuing to grow that business? Because I think you highlighted it as one of your most important growth engines for the company.

Rajeev Jain: So, the first question was solar. Solar, no, we are not supplying the pumps only. We are participating as an integrator. So that means we supply the complete pump and the accessories including the PV panels. And after completing a supply of almost thousand units sets, we have also qualified to participate in tenders independently. The initial approach was through a consortium partner. But after developing a reference of thousand, now we participate directly as an independent participant, which where we supply 100%, and we have qualified for that.

So and our future strategy is also to participate as an integrator. But that doesn't mean that we don't participate with integrators. So somewhere, wherever the integrators require only pump sets, we also supply to them. So it's both, but we are focusing more on the integrator side, because pump sets only make 15% to 20% of the whole value. So the potential today is much higher in those integrated sets. And subsequently, over a period of time, I think those pumps will

when the install base we build up, that volume will increase, and that may become a potential. That is one.

On the domestic front, I already mentioned, I think it's basic, the piece the four piece. Promotion is one thing, which we were always thinking what was the right way. But now, TV media and all is so much required for this domestic business and in the B tier cities also. So that is one which we have make it as a part of our strategy. Network is very important. So we realised that in the earlier things this was an add on business. Used to have a agree or something business, and domestic was a add on business. So we are going away from that, and we want dedicated and focused dealers who are more in this segment.

And when you look for such dealers, they are more of distributors, because they should have a very good secondary retail partners, and they should carry good stocks. So we are looking for, when you say also place, we are looking for dealers who are distributors and also ensuring that our 22 warehouses across the country have enough availability to cater to this market.

So it's nothing very special strategy. I think whatever normal marketing gurus teach us, that same thing which we are following. But the difference is that we are more focused there. We are looking it as a separate segment, separate from our other engineered or technical segments. This is very consumer, which is depending on speed, availability, and of course, competitive price is always there. But more importantly, it is the branding. The brand sells, and that is where we are trying to position ourself much more.

Unidentified Analyst: Yeah. I have two questions. So just extending the first one that the previous participant asked about PM-Kusum on the solar side. So you mentioned that you're working as an integrator, but are you also doing the EPC work like some of your peers are doing right now? And if not, then are we planning to enter that category?

Rajeev Jain: Yeah. Not yet. We are not entered into that EPC thing. But maybe in future, once this market gets saturated and exhausted, I would say that is some area we could look at. But today, we are not looking at the EPC route today.

Unidentified Analyst: Okay. Got it. And on the cells and module side, some of the peers are also planning to manufacture themselves. Is that in our plans as of now?

Rajeev Jain: No. Not yet. We are not looking it. We are still not a very big players. We are as I said, last year we did ₹180 crores in that segment. So unless somewhere it becomes a four digit big figure, then it would make sense. You would have that critical volume to kind of look into backward integration and assembling those things.

Unidentified Analyst: Okay. And coming on to this additional point of PM-Kusum, if you can just throw light on what the competition is like and what are the margins there like, we are also seeing that the subsidy which is coming is divided with both states and the centre. So how many states are we working in right now, and what could be that number and what are the major issues we are facing, while penetrating these different state and working with the state governments?

Rajeev Jain: I think we had it in our presentation. First of all, the potential is good, PM-Kusum, at least till the next three years, till '27. As I recollect or as I am informed, out of 2 million, 1.2 are installed. So there is still 800,000 pump sets yet to be ordered and installed. So a huge potential is there for the next three years. The states where we are participating, is Maharashtra, Rajasthan, UP, Haryana. These are the segments where we are participating.

Recently, we got qualified in Madhya Pradesh, Tripura, and other Northeastern states as well. So that is a good sign. And so as I said, the potential is good. The challenge, I would only say one is working capital. That is the biggest challenge is being faced, because the process is, it's not only supply, it's installation, it's working, then certification in uploading onto the portal, and then your clock starts for getting the payment. So that is a bit much longer cycle. And but the suppliers of the PV panels and others, we have to make the payment within seven days of what we buy. So we are financing this business, and fortunately, KSB has a very good financial standing and strength that we are able to sustain this long working capital cycle. So that would be the major challenge.

I don't see yet a challenge in the supply chain as yet. I don't see that because maybe our share of business is not very big, and we can manage this. But as the business grows, but I'm sure the supply chain also will be investing and also building up capacities. So as the time goes on, I think these issues will be addressed.

Unidentified Analyst: Yeah. Just additionally on that PM-Kusum competitive intensity and margins, is it significantly different than our other business?

Rajeev Jain: No. Margins, we are quite, this business has given us good margins. I would say not on the same level as product, but not very far away also. It may be 1% or 2% here and there from the product business. And that was our concern when we started this business, and that's why we went in very, very cautiously in this business. But maybe a bit to a surprise, the business has been quite profitable and not affected our margins to a great extent very slightly, but that has been compensated by the volume, which we have been able to target.

And also, the challenge, of course, is the five year maintenance. But with our network, which we have, we don't see that as an issue because we do that business for years and years with our service network and our partner network.

Unidentified Analyst: Okay. And just last question. If we see KSB two, three years down the line, what would be our major two or three growth drivers for us in the medium term?

Rajeev Jain: Good drivers would be standard business. When I say standard business, its business through the dealer network where we keep on adding products and going to newer markets, whether it is food and beverage, whether it is non-metallic, whether it is green hydrogen, whether it is railways. So every new segment through our dealer network, firefighting, which is a huge market where our share is low.

So all these markets which we deal through our dealer network is an area of growth and considerable growth, because the network is there, they only have to be given those products so that they can get more accessible market. So I see that as the biggest pillar of growth, the standard business with the product range and the new segments, new technologies, which we are going into.

The second is the Aftermarket SupremeServ. In this SupremeServ, we have the mechanical seal business as an add on compared to the past. And you saw that we are already done 22 crores, which is very small, but almost we have sold more than 10,000 seals. So we are having a good exponential growth there in SupremeServ.

Second is BP&CL business, the one which we acquired. Last year, we did a turnover of ₹16 crores at a very healthy margin. And this year, we are targeting double it. So this business and all these examples, which I'm giving is add on business. You know that we have supplied 400 FGD pumps in the market. Those pumps have not yet been commissioned due to the slow implementation.

But in one or two years, those pumps will also get commissioned, and that will be a very running counter for spare parts because due to the nature of that application. So I feel this the SupremeServ business also should grow much faster than our overall company growth, I would and that is what we are targeting, which is not only in terms of growth but on a very profitable growth and makes our overall company profitability quite decent.

Next is valves. You have seen that healthy growth also in valves. So that is another segment which we are investing and banking on, and taking it to a good level. And of course, growth would be nuclear and solar. Enough is mentioned on that. But I'm focusing more on the recurring daily business. To me, that is more important than opportunities which come for three, four years and then it vanishes.

So I'm focusing more on that, but nuclear will be there for another decade, two decades. It will be continuous with all those, new Bharat reactors, which are planning to come where KSB has a very 100% market share. So this is a very good where the private sectors are entering. So that I see as a big potential in the coming years, but that is not three years. It's going to happen in the next five, 10 years also.

And solar, I mentioned already, the Kusum Yojana is at least there till '27. Then we'll have the Component C, Component A, a part of the business which will be growing. So that is an outlook for the next few years.

Unidentified Analyst: Thank you very much.

Unidentified Analyst: Couple of questions. Last time, you had mentioned on water and wastewater as being one of the growth areas. But this time, you have not mentioned that at all. So just curious as to what are you seeing in that particular segment?

Rajeev Jain: Where is the question coming from? Yes. Water and wastewater is definitely especially wastewater is definitely our growth segment. I may have missed out to mention, but our business is consistently growing in that segment. And we are targeting more than ₹100 crores of business, especially in our submersible sewage pumps this year, if not more. So we are localising the products. We are adding products. If you must have seen some posts on LinkedIn and other social media, we have come out with the vertical turbine pumps.

So that is an addition to that segment where we have not been present for so many years. So plus the big size split case pumps. So step-by-step, we are entering into the project business of water, but only with the products. So that segment, I think will also deliver. We have a bit of a conservative target. I mentioned only ₹100 crores, ₹110 crores, but I feel the potential is much higher. It takes time till we start making entries into customers.

They knowing our products, they get the confidence. But if I look at the next three to five years horizon, this segment will also grow much faster than the other segments, but definitely a segment which we are focusing on.

Unidentified Analyst: Got it. And in terms of the order book, when we look at it ex of nuclear, while you mentioned that the outlook is very good, this order book has sort of come down on a year-on-year basis. So just wanted to understand whether we should read something into that or, how does it fit into the outlook which is better for next year as compared to the previous year?

Rajeev Jain: Yes. I think, you're right. The order on hand for the non-nuclear has come down primarily due to a bit of slowdown last year and a good sales, what we have done in last year, as you see. But from the first two months, I can say the trend is different, and we are having a good incoming orders in the first two months, which we feel is a good sign for the economy and our business and should also continue in the coming months.

So I would only mention that a bit of slowdown in last year is behind us. And hopefully with all the strategic measures which we are doing, we should have a good healthy order intake.

Unidentified Analyst: Got it. And lastly, the DSO increase, is it largely related to the solar Kusum business?

Mahesh Bhav: Yeah, yeah. As I mentioned, this is mainly due to solar because in the initial year or so, maybe, three to four days around.

Unidentified Analyst: Got it. But if it is just related to that particular branch of the business, then are you sort of capping it at some level that this much receivables we are allowing it to go, but beyond that, we would?

Mahesh Bhav: Now, as Mr. Jain discussed, we are at very small kind of a portion. So that is not, right now affecting much.

Unidentified Analyst: Got it. Thanks. That's all from my side.

Unidentified Analyst: Thanks for the opportunity. My first question would be on the solar. You mentioned that it was ₹180 crores in revenue about for CY '24. What can we expect for CY '25 and '26? That's the first one. And second is that are we expecting any tenders from MNRE this year?

Rajeev Jain: Yes. The tenders from MNRE, the state tenders keep on coming. So there is as I mentioned, still a scope for 800,000 pumps to be installed. So I'm sure different states are coming out with different schemes. So the potential is there. And ₹180 crores was last year, and we are looking at a very healthy growth year. I can't estimate the figures, but it is going to be good with good numbers, which we are targeting internally.

And when I say good, it is more than our normal growth. This is the segment which we are focusing. And we see the potential and the inquiries and the tenders coming. So the business is it's not something which is a bit of a doubt. I guess, in solar, it is more about implementation. It's only about implementation and finding the right partners to implement it, complete it, make it work, complete the documentation, and get the payment. So business is there. It is only how fast we can implement it.

Unidentified Analyst: Also, in the valves section, someone already asked, but I just wanted to hop again on the EBIT margins. So the margins are growing for the last couple of years. Will we see margin growth further in this or is this sort of like the peak expectable margin for the next couple of years?

Rajeev Jain: Yeah. I think this is a very good margin, EBITDA of 14, 15. I would say 13 to 15 is the range which we will be there. We are not expecting it to increase, but we are definitely expecting the growth to be maintained in the same way because it's not only domestic, but we are growing also in exports there, more and more tenders. Last year, we had a big order from Poland, and we are getting, we will get overseas orders. Finland is one. So there are good orders coming in. So I see a big scope for growth, but the margins I think, we are already at a good level.

Unidentified Analyst: Okay. Thank you so much.

Unidentified Analyst: Just one question on the corporate overheads, like the employee cost is 12% odd rate of the revenue on a full year basis and 4Q and even on a whole year basis, it did around 16% year-on-year growth, when your top line was lower than that in terms of growth. So is it something to do with nuclear also where you're not capitalising it or inventorising those on the overheads? So when the execution or the delivery of pumps happen, actually the margin see a bump.

Mahesh Bhawe: We are certainly inventorising related to what is allowable as per the accounting norms that is on production side. But the sales side, of course remain in the expense part. Secondly, as we discussed, we are into many strategic businesses or projects. So that headcount remains initially, and the realisation will take few years to happen. So that keeps a kind of a burden on headcount actually or personnel cost.

Unidentified Analyst: So just last one year, what was the addition? Over three years so mentioned, but last one year, how much was the addition in employee?

Rajeev Jain: Average 125 people every year. And as Mahesh mentioned, it is more for readiness for the future also.

Unidentified Analyst: Thanks.

Unidentified Analyst: Hi. So, can you just elaborate a bit more on what you said that in the last two months, the order inflows have started picking up. Exactly, especially the non-nuclear part that you spoke about, any colour you can add in over which sectors, how is it happening? And do you sense that, this has got a potential to continue for a few months? Because this is where the entire, if you look at capital good industry, there's a lot of question marks that have been raised off late. So anything you can add.

Rajeev Jain: Yeah, for us what is different is, is the product range which we are adding continuously. And the measures which we are taking helps us to get into much more markets. It it's not about playing in the same markets. And that's why I said the order intake improves because our accessible market increases. And also as I said, we are seeing a good investments also coming or signs of coming up in some segments. And basically, it's a combination of two things, the addition of product range and also some segments which are growing up especially Wastewater is one segment which is coming up.

Domestic, I already mentioned, our share is low, and we are growing, or we intend to grow. And then about building services, which was a bit low last year. But again, it has picked up because we are participating more and more in firefighting pump sets, which is a segment.

So, again, to just answer to your question, the order intake gets better, because of the continuous measures and the product introductions in the new segments which we enter. So we get a better coverage of the market, and that helps us apart from the fact that there is definitely a better optimism compared to last year.

Unidentified Analyst: I have two parts to my question. And congratulations, you have very good numbers. And it sounds like a very strong business in India. My question is what keeps you awake at night? What are your concerns going forward? That's one part. Second is your parent company. What kind of help you get from your parent? And other than dividends, do you make any other payments to them?

Rajeev Jain: What keeps me awake in the night? I get very sound sleep in the night. I sleep very soundly. Even my wife complains that if she gets up, I don't, I don't have a concern for her. So I sleep very soundly because I think we have a great team. We have a great business, and all is running well so far. Thank God. But, to answer seriously, nothing is a major concern as I see today. I see the market developing well.

There is a good export potential and we are developing, we are showing our readiness very well and preparing ourselves for the future. So if you ask me, no major burning topics, which I would be concerned. It's only I would say if I would have a wish, I would say the implementation of nuclear projects, if it could be faster. That would be my wish, which is then I wouldn't have to answer this question every Investor Meet. That is something which I would wish for. But otherwise, in general, no major burning topics.

The second question was on a parent company. Great support. I feel this is KSB strength. It's a one-stop-shop for all the products. If boiler feed application comes, KSB is the first one. If, FGD application comes, it is the first one. If nuclear applications, the biggest reactor coolant pumps, KSB is there. So this comfort what we have with our parent company that they have the products for all applications and their willingness to localise it is the greatest strength which we have.

And with that strength and that product basket, which we have the comprehensive, I think no other pump supplier in India has as a comprehensive product basket as we have and which is being localised. In fact, I mentioned to you mechanical seal business, navy marine business, we are going ahead. You must have heard about Mazagon Docks and winning or being successful with the ThyssenKrupp for the future submarine building in India.

Those pumps are coming from Germany. Those will be in future localised. So anything which comes as a new avenue, the potential and everything is there in KSB. So great support, and I feel that is a very strong foundation. What are the payments to them? We pay royalties, of course to them, which is very natural. And we also pay them the service charges, IT charges, like whatever is done on a group level.

If they have SAP platform, if there's which is going to change to S/4HANA. So we are a part of the team and group team, and accordingly the costs are allocated. And yes, whatever special technical support we need, those are kind of provided, IT charges because we are all bound together with the common IT systems and infrastructure. So whatever is our share, we share that in a very transparent and a reasonable way.

Unidentified Participant: That's the last question for the day. And we'd like to thank the management for giving us the time to host at the Analyst Meet.

Rajeev Jain: Thank you. I hope we have answered all the questions. I think, but yeah. Since we are short of time and there's one more? Okay. Last one now.

Unidentified Analyst: On the industrial, you mentioned that, last year the order inflow was weak due to probably lesser inflows from large projects. So like, probably, that piece of the business would have two parts, like to have project driven large pumps and then you would have relatively smaller medium pumps for regular supplies to industry where probably maybe customisation. But so if you can just provide like, what was the reason for a bit of slowdown over there, and how do you see it going forward?

Rajeev Jain: Yeah. As I said, less projects announced but recently, this as I said, HRRL, Mongolia, Haldia Petrochemicals. So lot of projects are being announced. Investments are being announced. So much better now, with from the second half onwards and continuing now. So I see plus

exports. Exports also, especially from Middle East, projects coming in. So I see much better, at least the traction of projects.

And on the non-project side, the ones which we sell through dealers, I think a bit of a revival in the distillery side investments and steel sector and cements and all those things, the investment, the CapEx is there. And, yeah, we do this business through our dealers as well as OEM. So from my viewpoint, I see a better situation with our enhanced product basket. We see a better situation for ourselves in this.

Unidentified Analyst: Thank you.

Rajeev Jain: Thank you.

Unidentified Participant: Yeah, that's the last question for the day. And, thank you for attending the session. Any closing remarks before we close it?

Rajeev Jain: Nothing much. Thank you for your very, always deep dive questions. It is good to your perspective as well. And thank you, keeping us alert and awake with your questions. Thank you very much.

Mahesh Bhawe: Thank you.