



19th November, 2024

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NSE Symbol: KSB

Subject: Transcript for the Institutional Investors Meet

Dear Sirs/Madam,

In continuation to our intimation dated 06th November, 2024 and 14th November, 2024 enclosing herewith the Transcript of the Institutional Investors Meet held and participated on 14th November, 2024.

Kindly take the same on your records.

**Yours faithfully,
For KSB Limited**

**Shraddha Kavathekar
Company Secretary**

Encl. as above

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

Presentation

Mahesh Bhave: Good morning, all. So we start with a cautionary statement regarding forward-looking statement. This presentation may contain forward-looking statements relating to companies' future business development and economic performances.

Such statement 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, litigations, adverse publicity and news coverage, which could cause actual developments and result to differ materially from the statements made in the 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, today, this presentation will be showing you the company organization, all the KSB locations, overview of KSB, so quickly so that you can understand, highlights of Quarter 3 2024 and top 10 customers, we will discuss about order intake, bit of financial numbers and other initiatives including ESG and CSR.

To start with the organization, Mr. Rajeev Jain, he is a Managing Director and he is with us today. And we have a senior team, myself Mahesh Bhave, I look after Finance and DTC; we have Mr. Mohan Patil who heads HR; Mr. Prashant Kumar, who heads Sales and Marketing; Mr. Nitin Patil, who heads Nuclear Operations; Mr. Raja, who is the Business Head of Valves division; Mr. Philip, who heads Quality; Mr. Seshadri, who heads PMPS, that is Product Management; Shraddha, who is with us, she's the Company Secretary; Mrs. Sunil Bapat, who heads Standard Agricultural & Solar Pump division; SupremeServ is headed by Mr. Rajesh Kulkarni; and Contract Management is headed by Mr. Pattewar.

So, this is about KSB associate companies quickly. KSB Limited, this is established in 1960, I mean headquartered in Pune, Maharashtra, and if you can see the network, six manufacturing plants, we will be

seeing some photographs going ahead in the slides about the manufacturing plants, six service stations, 350 plus service centres, 22 warehouses all over India, four zonal offices, 14 branch offices and 1,100 plus dealer network.

We also have a KSB Tech Private Limited, which is a captive engineering and IT service provider to the group company. This is headquartered in Pune, Maharashtra. This is the technical design centre and our IT service provider as I mentioned.

KSB MIL Controls Limited, so this is acquired in 1997 and headquartered in Kerala, and this is into control valves manufacturing. And we also have a Liaisoning office in Bangladesh.

So some of the pictures, this is for our energy set of art plant in Shirwal. This is the Energy Pump division. Last year, we inaugurated a new admin building in our Shirwal plant. So some of the photographs of the admin building. This is our flagship plant that is Irrigation and Process division. This is Pune. Some of the inside photographs of IPD, that is Pimpri, Pune factory.

We also have a unit, which is also old unit converted into a SupremeServ and Central Warehouse. This is in Chinchwad, Pune, near to our Pimpri factory. Some of the photographs of our Central Warehouse, where we do the spares business from inside. This is Sinnar, Nashik and Standard Pumps division factory. Some of the inside photographs of our Sinnar factory.

Valves division, Coimbatore, Tamil Nadu, where we have a valves factory and some of the inside photographs of our valves factory. Similarly, as I mentioned MIL control, this is into control valves, this is associate company and this is situated in Kerala. KSB Tech we discussed. This is Engineering and IT Service provider. It is a design centre situated in Pune.

Moving ahead, we look at the business and we look at the overview and the applications of pumps and valves. To start with, this is energy. So KSB Pumps and Valves ensure energy efficiency and reliability helps to achieve optimal performance and safety in power plants. Products cover high-pressure multi-stage pumps, FGD pumps, GGC and ball valves, and applications are FGD hydrocarbon services.

Next application is industrial application, where we have variety of pumps ranges in this industrial application, which includes end-

suction pumps, process pumps, non-clog pumps, high-pressure multi-stage pumps, confirming API is 610 and GGC and ball valves. And applications are oil and gas, sugar, paper and pulp, thermic fluid, process applications and hydrocarbon services.

Moving ahead irrigation, another important application segment, optimized product from a specialist for the entire water cycle and products include submersible pump sets, open-well monoblock pumps, mini monoblock pumps, dewatering pumps, solar products and GGC and ball valves. And applications are into irrigation, farmhouses, drinking water supply, et cetera.

Wastewater, this is for clean solutions and products are into submersible, motor non-clog pumps, horizontal non-clog end-suction pumps, GGC and ball valves. And applications, various types of municipal and industrial wastewater, sewage, effluent transport and treatment, storm water drainage, dewatering, et cetera.

Construction, KSB, we always say we have all-in solutions in the construction segment. So products are hydro pneumatic systems, firefighting pumps listed as well as non-listed, HVAC pumps, panels for primary and secondary. And applications are into firefighting, HVAC, pressure boosting, water transport and drainage.

SupremeServ, this is after sales business, we say it is customer centred setup supported by lean and efficient processes, dedicated sales team. So this includes repairs, field service, modification, replacement, footprint pumps.

Moving ahead, highlights for Quarter 3. So this is our top 10 customers. You can see September 2024, Thermax continued to be in our top 10. Maharashtra State Electricity and Maharashtra Energy, this is basically into solar business. And some of the dealers including Pooja, Patil and some of the EPC like ISGEC, Megha Engineering; and PSUs like HPCL and BPCL.

Highlights. A very good news is the voice overall engagement score and this is 88% and participation is 100%. So this is an employee engagement survey and this shows that all the KSB India employees are very well engaged. And this is improved from the last score, which was conducted 2 years before.

KSB launched a B pump in IFAT Expo, that is IFAT Expo new addition in the wastewater segment. So this is again the launch we will

see the photographs, this is again a good development I would say. Of course, digitization, we continue to be in digitization mobile Warehouse Management, this is benefiting the real time inventory, improved data accuracy and enhanced decision-making. Advance Planning and Scheduling, APS, tool is also implemented, which will be enhancing the production tracking and scheduling for the on-time delivery. So these are some of the digitization developments.

Order intake. This is without nuclear, you can see very steady growth and this year YTD you can see ₹11,186 million is the orders in hand actually – sorry, I mentioned order intake, but this is orders in hand, OOH. This is order intake and segment wise you can see a good focus on the standard business which is improved from 43% to 48%, engineered is 16%, SupremeServ is again 15% improvement and valves is also good increase to 21%.

Exports, this is depicted in the percentage, you can see this is from 16%, now YTD is 12%, so some pressure this year. Financial, this is working capital position, as you are aware ₹308 crores is the net cash position, September 2024, continued to be a good cash position in fact improved compared to last year.

Inventories are under well controlled, number of days also reduced in YTD September. Receivables continued to be monitored closely, there is a bit increase due to the solar business what we started. So revenue trend, again, you can see a very good continuously increasing revenue trend you can see from 2022, ₹18,220 million; 2023, ₹22,472; and September 9 months we are ₹18,067 million.

Same in the profit before tax, a very good continuous increase, you can see from 2022, 2023 and YTD September 2024 that is ₹2,282 million.

Moving ahead from financials, some of the events, this is again a very important event into the ESG, where we have inaugurated and started open access solar power project and this is inaugurated by Dr. Bross, who is our CTO of KSB Germany. So this is a remarkable project, as I mentioned, 6.65 megawatt peak and is set to generate approximately 10 million kilowatts of power annually. So you can see 50% of KSB India's current total power requirement is getting covered under this open access. This is a milestone development I would say and you can see the 71% of the total KSB's requirement is with renewable energy now.

We had a strategy meet at Oxford Golf Resort, Pune, and on the 8th of August, this was Expedition and Vision 2027, where the top management like 80 key business people we made and discussed on the strategy. Yeah, IPA Neerathon, which is conducted in south and this is organized by Indian Plumbing Association Chennai chapter, and a very powerful message about the Run4Water, and even an event emphasized on importance of water conservation.

Yeah, exhibitions, this is Krishi Mela Expo at Dharwad, you can see a very overwhelming positive feedback on the quality, durability and reliability of our products and further solidified our reputation as a trusted partner in the agricultural sector. IPA, again, successfully conducted and we participated in ChemTech Expo 2024 at Bombay Exhibition Centre in Goregaon, where we showcased our various products including non-metallic pumps, Megachem, Megachem pumps, MegachemSO and other chemical pumps.

Yeah, IFAT as I mentioned in the highlights, India Expo 2024 at Mumbai, and this was conducted in from 16th to 18th October. This is a leading trade fair for water, sewage and solid waste and recycling. Yeah, as I mentioned, this B pump, Vertical Turbine pump, B pump, our newest addition to the Waste water segment. This is very important. The response to KSB's participation was very positive with visitors and fellow exhibitors expressing their appreciation.

Some of the ESG initiatives that we have already seen that 70% of the KSB India's need are covered with renewable energy now. So we discussed about solar open access; we have various energy saving projects; we have most of the factories we have rooftop solar projects; regular energy audits are being conducted; supplier sustainability assessments are being conducted; and reduction in compressor air leakages, those projects are also going on.

The very prestigious VDMA Manufacturing excellence award that is under CSR Large category, 13th VDMA Mechanical Engineering Summit on 18th October, we got this award. I would say this is a very prestigious award and the activities are vouch what we are doing in CSR.

Yeah, this is some of the CSR projects, handing-over of playground and kitchen equipment to Apulki School for mentally challenged students. You can see the photographs and details. ZP Primary School, again, a very important event under CSR project, where this school is a girl and Vambori is a very small village, and we could contribute

and construct this school blocks and where you can see this is for girls and this is a milestone kind of a CSR project and it is very well appreciated by the local – I mean, within the locality. And, of course, this is appreciated by the commissioner and ZP CEO, Ahmednagar, they were also present in the inauguration.

So with this, thank you, and I end my presentation. And session is open for question-and-answer.

Question-and-Answer Session

Manish: Hi, thanks for a great presentation. Manish from PineBridge. So I just wanted to check you mentioned that receivables have risen partly, because of solar. And the top two we found out that the customers include Maharashtra: A, the reasons and if those receivables are coming down; second, if you could just highlight the level of integration that you have on the solar side?

Rajeev Jain: Yeah, there is a very detailed process for receivables for solar one has to complete the whole process and documentation and the certification and upload that, so that took a bit of time and that is all done most of it. So, I think, we are expecting these things to come down by the end of this year. So it's kind of a learning curve, where we understand the whole process of what needs to be fulfilled and the request. And the level of integration, in the sense, we are making the pump sets ourselves, the controllers, we are intending to bring out our own controllers in next year.

And the remaining, of course, the panel is outsourced and all the other installation is done by the installers, our network of installers. So that network we are building up and that is growing month by month, and once that is also settled and we have a comprehensive one, then it will help us to enhance our business in this segment also.

Manish: Is this something to do with the elections that things got postponed or is it like monsoons which causes postponing, because we are hearing conflicting things from different industries?

Rajeev Jain: I can't comment on that whether it is there. But first is, we have to do our own homework. So, once I complete my own work, then I can blame the monsoon or the elections. But till that time, I can't say that. I'll have to ensure that all the installations are done completely to that satisfaction and uploaded. Those documents have to be uploaded for making that process.

Manish: How much portion of a turnover, approximately, would be from this? And how big is the segment? Because there are people talking a lot about that. And number two is, of the proportion of receivables, how big is this part? There are ₹500 crores that you just mentioned into the presentation.

Rajeev Jain: About the business this year, we will do a revenue of maybe ₹120 crores out of solar this year.

Mahesh Bhawe: Yeah, receivable, not much, actually. What I mentioned is, as rightly mentioned, by Maharashtra, so maybe around ₹80 crores to ₹85 crores. That is what, yeah, it's not a very, very big number. But this is a different business and different terms, actually. That's what we have to be closely monitoring this documentation, as I mentioned.

Kunal: Hi, sir. Kunal from B&K. Sir, you mentioned that export has been a little weak this 9-months. Can you highlight the key reasons for the same and how is the outlook and the pipeline looking as far as exports? Because, I remember, we're talking about we've been working closely with the parent. And we have enhanced our product profile for the export market as well. So if you can talk a little bit about that as well.

Rajeev Jain: Yeah, exports have been down this year. One of the reasons is definitely Bangladesh. Bangladesh crisis has affected that for us. Second is the geopolitical situation in some regions. But the outlook, I wouldn't say is we are pessimistic on that. I think the outlook is good. We have introduced products which are solely manufactured in our factories. And we are expecting good orders in the project business, in the energy segments from countries like U.S., where we have a global strategy. KSB has been not so strong in the U.S. market, but now the thrust from the group has been in this North America, especially U.S. market. So we definitely expect to have good benefit out of that in the energy segment. Other countries like Spain also, we are successful with EPCs in Spain and Turkey.

So, I think, the project business sometimes takes time. But it is happening, I think, in these coming months, in fact, we have booked one order yesterday only. So things continue to happen, and we have got good pipeline of inquiries. So that will happen. That is on the energy segment. And in the petrochemical segment, in the region Middle East, we are expecting, since I mentioned we are continuously developing API products, the gaps which we had, whether it is split-

case pumps, horizontal split-case multistage pumps. Now, we have the BP&CL range which we are upgrading.

So, all those things will plug those gaps which we had, and it's a process. And, I think with those additions in the product basket, we will have much more competitiveness in this project, especially in the Middle East for the petrochemical. And energy, I gave you the markets where we are there. So this is a process which will happen. And apart from that, there is day-to-day business, standard business, which will continue.

But, overall, the main reasons I would say I mentioned those two is Bangladesh, geopolitical, and also there is a lot of thrust in third in many countries to do local value addition and localization. So make in Indonesia, make in Saudi Arabia, these are the trends worldwide. And that, of course, means that the content from our side gets reduced instead of a pump, sometimes we give only components. So these are all factors which are changing. But, overall, I'm optimistic that we will continue to grow our business in all exports.

Kunal:

Sure. Sir, my second question is around service business. We were talking about a target of bringing our service business to about anywhere between 15% to 20% of our revenue. And we had chalked out certain initiatives around that. So if you can talk about where are we in that journey?

Rajeev Jain:

You see, KSB's business product mix is standard plus engineered pumps, and this aftermarket business more is relevant for the engineered pumps. For standard business, it is more of replacement to the product rather than the parts and all. So the opportunity for us is in that engineered business and for that, I think, we are doing pretty well, I would say that our aftermarket business should grow quite well this year, specifically, with the measures which we are doing. We have set up a central warehouse in our Chinchwad plant, where our spares for standard pumps is increasing.

I talked about BP&CL acquisition and now already this year, we have orders worth ₹20 crores on hand. We have made a reciprocating pump order, which we got first time, spare parts for reciprocating, spare parts for old BP&CL. So cumulatively, orders on hand already for ₹20 crores in this short span of time, which we hope to continue and get. So that will be another good avenue for growth.

We are also focusing to make spare parts in our Chinchwad plant to make it independent from our manufacturing, so it gets a focus and the speed in that way for meeting the market requirements. We are focusing on system efficiencies and doing energy audits, supporting the customer to get value from our products, doing retrofits jobs for competitor pumps as well.

So all those activities, localization of mechanical seal. Mechanical seal is one of the main – another segment, which will grow strongly. We are step by step localizing these seals. In the first one or two years, we imported those seals. But, now, almost 80% we have localized for our standard pump business. We will do the engineered seal in the next two years. And, also, the seals for the nuclear business. We have got a facility. Now, we are making 100% local, so all the past install base. So in the coming time, normal as well as nuclear mechanical seal applications, we will have this opportunity.

So these are multiple avenues where we intend to grow our SupremeServ business, I've not mentioned the regular business. The regular replacement pumps, the spare parts and all those things would anyway continue.

Kunal: Sir, in the next two, three years should as FGD and nuclear starts to contribute, because their service intensity both in FGD and nuclear is very high. So should that also help significantly scale up the SupremeServ business?

Rajeev Jain: Very true. I think I missed to mention FGD, but FGD is definitely with 400 pumps, odd pumps now we have supplied, and lot of plants are now going into commissioning stage. These plants have been supplied or pumps have been supplied with spare parts. So it may take some time till those spare part requirement comes up, but at least I think that 2026 onwards the revenue generation from FGD business would be good. So this is the phase of commissioning and operation, but after 12 months, I expect all these wear and tear parts requirement to go up. So 2026 onwards, that would be also a good revenue segment for us.

Kunal: Sir, on the nuclear business part, what are the updates? Are we on track for next year's booking revenue of about ₹200 crores, 250 crores from nuclear?

Rajeev Jain: Yes, yes. I have been assuring every quarter it will happen next quarter. And I was hoping that it will happen this year. But this

business needs both push and pull. So far, it's been pushed only, there was pull lacking. But since that GHAB [ph] project got delayed due to site reasons. The pumps have been supplied. Those are getting on the way to get fitted on the test bed. The test bed is a bit delayed. From our side, the pumps are already on the Tarapur site. So we expect the testing to be finished by March, because the first pump would need 500 to 1,000 hours testing. So assuming that the testing gets over in March, the motor is also supplied.

So then, by that time, I presume the site also will get the clearance and that pull thing which I mentioned starts happening. So we are hoping at least two pump sets to be invoiced in the last quarter of next year, third or fourth, I take fourth. If everything goes well, it could be third quarter. So that would be – that is our goal and, of course, the Kudankulam order which we booked last year, ₹267 crores. We are hoping 50% of that also gets invoiced next year. So, yes, ₹250 crores would be our target only from nuclear business. Apart from the aftermarket business which we are doing, that is a small ₹15, ₹20 crores business which we are doing in aftermarket. That would also add on to it this business.

Kunal:

Sure. Sir, in last question, if I may, you talked about the dealer meet and Vision 27. Any snippets from there you can share about direction in which we are thinking, key drivers, any numbers, targets that you have set?

Rajeev Jain:

Yeah, Numbers will evolve out of that. We are looking for continuous growth as we have done in the past years. Dealer business is our core business and dealer business has been historically the strength of KSB. So we'll continue to strengthen that. To strengthen that, we need to have a comprehensive product range. And the products we are continuously adding.

If you see, year-on-year, we recently launched the B pump, which is not the vertical turbine pump, which is not per se a dealer product. But we are going to launch the – we will come out with firefighting products, which we already have. We're going to add portfolio, we're working on listed products and things like that. So product additions will continue to happen.

So, we will definitely ensure that the dealers have a much better product basket and much more accessible market. So that is a continuous thing, which we are building up year after year. And so, I

think that's on track, since that is a core part of our strategy. So all well on that front as well.

Kunal: Thank you so much, and best of luck, sir.

Unidentified Analyst: Yeah, sir, just one point. I know what you were explaining on the export side. If you can just help us understand that what is the arrangement we have with KSB on which markets are open to KSB in India? Like, you also said that in some of the markets there are now localization requirements. So are you having any conversation with KSB for supplying certain pumps or components to globally? We are seeing this trend across a number of European companies. Because of strong demand, they are looking for vendor base, right? So if you can just help us understand both, what the equation is and if some of these things are in conversations?

Rajeev Jain: You see, KSB is a global company with multiple manufacturing sites, manufacturing sites in each continent, starting in USA, where we have the mining. Brazil, Europe, we have a lot of manufacturing sites. Middle East, Africa, we have South Africa, then India, Pakistan, China, Australia. So there are multiple factories all around the globe. So KSB ensures that the distribution or the export supply chain ensures the optimal loading of all factories, considering that all the factories meet their local requirements also and are optimally loaded.

So we have an internal supply chain where product wise each manufacturing location is given the territory to export in that particular territory. For us in our region Asia West, we are 100% for other India and neighbouring countries like Bangladesh, Nepal, this is all under our responsibility. But other than that we have specific products which are allocated to us, where we export some products are coming from China, some are coming from our site for the Asia-Pacific locations.

Apart from that there are many initiatives to have, there are semi manufacturing locations like Indonesia, Thailand, which do a lot of value addition. So sometimes we supply components to them and they have to show 40%-50% local value addition, and then they get the preference to sale when they have these things.

So I am just giving examples. Similar things are also happening in Middle East, specifically Saudi Arabia, where we supply components, SKDs and they assemble it and then they build up the pump themselves with small components also from their site. We also do

SKDs to countries like Chile and South America and all. So it is a situation and case to case based where it helps to build up local value addition, it helps them to also reduce their inventory by having an interchangeable SKD components. So all these things are part of the portfolio what we are exporting.

Unidentified Analyst: Great sir. Thanks. So I mean we should say, I mean the take away we should have is that there is in a case be such an organization that cannot be like a centralized sourcing arrangement from India or any other countries like that?

Rajeev Jain: Correct.

Unidentified Analyst: Okay. Sir, I think my second question is on the dealer side. I mean, we are assuming that the standard pumps is what is, you mentioned that it is a very important category. Sir, could you like comment a bit both on the growth in that segment and the margins in that segment for you. How has that been – because, we are not able to really figure out how has that segment grown, if you can share something?

Rajeev Jain: The standard business segment comprises of agri market, domestic pumps, domestic residential pump, commercial building segments, industry, general industry, water market, wastewater. These are the segments and the chemical market. These are the segments where we the products which we sell and, in our terminology, we call them as the standard business.

Unidentified Analyst: And these are sold through dealers?

Rajeev Jain: Most of them are sold through dealers. I would say, yeah, 80% or more are sold through dealers only, more than that. There are specific exceptions where those customers are big, like Thermax and OEM. They would want to deal with us directly. So those exceptions are there where the bigger OEMs we deal directly. So in standard business, typically what happens is: one is the big pillar is the dealers, the sales channel; the second is the OEMs; and third is the small contractors. Some small contractors could also be many times the dealers act as the contractors and sometimes it could be other contractors. So these are main three channels through which we do the standard business. And the market segments also I explained earlier. And the products which we sell in these segments and through these sales channels are our standard business.

And so growth, of course, these are our daily bread and butter business. Typically, 55% to 60% of our portfolio, if we add up of all is a standard business. 50% to 60% it keeps on varying. And it is a profitable, very profitable business, because you have less overheads. You have sell through the dealers, and many times the dealers do the customization. So we avoid all those areas where our overheads are high. The dealer is able to do it more efficiently. We can sell standard.

Here our EBITDA margin is higher compared to our engineered project business, excluding nuclear. So nuclear is, I wouldn't count in the engineered or the project business, nuclear would be separate.

Unidentified Analyst: One last thing on a margin point of view. Sir, what I'm doing is I am say comparing the CY 2018 margin with CY 2023 margin. Just...

Rajeev Jain: World changes in this 4 or 5 years. But, anyway, please.

Unidentified Analyst: But I do ignore the COVID period, because that is a very aberration, a lot of costs were not there, some years, I mean. I'm broadly saying pre-COVID to our last full year reported. So what I'm seeing is that our EBITDA margin has improved, but our gross margin has come off and the employee cost and OpEx, right? They had a lot of – those ratios have come down.

So in the last call, the last discussion we had you explained that because of the billing, I think, recent years of the engineered pumps, like FGD and all, which are lower margin, that is having an impact on the gross margin. I just want to get your view going forward, right, given the book that you see, right? What could be our, A, trajectory of gross margin? B, do you expect similar operating ratios jaw to be there? And finally, we are trying to understand what the trajectory of the margin could be from here on?

Rajeev Jain: To give you a simple answer, I would say that we are aiming to keep the EBITDA level in a similar range what we have today, because we are still aiming for a very high and aggressive growth. So that would mean sometimes what happens when you go for growth, you go for segments, different segments, which are not similar margins like your product business, for example, solar business. Solar business, which we do today would not have the same EBITDA margins as our product business.

If I go for, let's say, firefighting pump sets, it wouldn't give me the same EBITDA level for like my product business. But then we tried to

compensate that EBITDA through our standard business, through our SupremeServ business, through our valve business, maybe through our nuclear business. So, overall, I would say keeping that we still want to grow aggressively, we are targeting that the EBITDA margin would be on a stable consistent level overall.

Dhavan:

Hello, sir. This is Dhavan from AlfAccurate Advisors. So you mentioned there are many sub-segments in the standard pumps. So if you can share the market outlook on those pumps, I mean, from those segments, how much growth we are witnessing right now, and what is the pipeline going forward, plus there is the competition also? So how do you see the growth in the standard pumps? And then under the engineered pumps, given that the export is bleak, so out of the overall engineered business, how much is the exports? And under engineering segment also if you can share segment wise details as you have shared in the standard pumps.

Rajeev Jain:

I think we shared it in our presentation the mix of that. But to give you the outlook, I think, this year many factors we can say election and election keep on happening in our country whether it is central, state, so it has a bit slowed down in this quarter the outlook compared to the previous ones, but I think that is not so significant. We are seeing a good amount of optimism in the wastewater market, those investments are coming in industry.

The distillery segment is again coming back, though, there are bit of a downturn in the chemical, and paper, and other industries. So some segments are looking up, some segments are not as good as they were, I would put it that way. Domestic segment, the real estate sector we have to see how it performs in this present financial scenario with all the inflation and the personal loan getting a bit tight all these factors do play a role.

But, overall, I would say since we are there in multiple segments and I named some of them what happens with us is some segments are positive and some segments may not be there. So it is a continuous thing and I always say KSB has this unique USB that you name a product, you name a pump, and we will have it, whether it is a small domestic pump or it's a cooling pump for the reactor. And everything in between is available.

So there was a time when FGD was booming, and we took part in it. And now if FGD goes down, there is solar, where we are participating in this. There is standard business continues to happen. We are

continuously bringing in products. For example, now in firefighting market, our market share is very low. So irrespective of the market outlook, we have an opportunity to grow. So this is something which we are looking at. Wastewater, we are enhancing our product range, coming out with higher ratings of submersible pumps. And we are getting a much more accessible market there. We have come out with the vertical turbine pump now to cater to the market which we were not participating earlier.

So I feel market outlook, I would summarize is some segments are good, some segments are not so good that is again thing of cycle, but overall, I have good optimistic view for next year as well. And basically our strength is the product basket, which we are continuously adding, increasing and which will we continue to do both in agri as well as domestic market, in building services, firefighting, chemical, we have got the non-metallic pump also, as well as the market for life science applications. So with this all these introductions I think we have a good outlook for the standard business and we have a very well established dealer distribution system.

Dhavan: Got it. And the solar pump would be a part of standard business only?

Rajeev Jain: Yeah, today, we make that in our Sinnar plant, so we kind of term it in our standard portfolio. Since these are application wise going for irrigation which is a part of our standard business application and the system more or less is standardized. The bill of material, everything is very standard, and there is no big inspections or something like that. So even though it's a bit integrated system, I would say, it is a standard system.

Dhavan: Got it. Got it. And in the engineered segment if you can share thoughts segment wise and export business in the engineered pump?

Rajeev Jain: Yeah, in engineered business there are two segments in engineered business or project business. One is the energy segment and one is the petrochemical oil and gas. So in the energy segment, as you know coal market, actually in India, I would say, the coal market globally going down, but in India there is it will still with this 80 gigawatt announcement by the government, which will happen in the next seven years.

But what happens in this coal market, the BHEL is the dominant player, EPC. And unfortunately for us, BHEL makes all those pumps themselves. So it was a very pleasant news recently that L&T won

those 800 megawatt supercritical. So we are hoping to be back in business with this boiler feed pumps and the condensate extraction pumps, which we supplied for TANDA, Telangana, and one more project. So we hope that now, of course, it will be very competitive, but we hope that we have an opportunity. If BHEL wins, then we don't have, except FGD, we don't have a chance to supply pumps.

So a coal market, hopefully next year we will have an opportunity to participate on these supercritical. Other than that is basically aftermarket which we are focusing. FGD will be there in smaller numbers, much smaller numbers than before. But energy market is now the tide is more in the nuclear side now.

The nuclear side with the ongoing 700 megawatt orders on hand and the government's initiative to set up 220 megawatt reactors, 50 reactors almost with private participation. There, we feel we have a good chance, because we have all the 220 megawatt with KSB pumps supplied in India. It's a proven technology. So there is an opportunity for KSB, even though it's a bit long-term that will happen in the five to seven years. But it will continue to happen, sustainable. So that is regarding energy.

For petrochemical, it's a very competitive field. It's competitive, a lot of manufacturers in India, international as well as local. So this is a cutthroat competition, and so everybody gets a small piece of cake, some big, some small. So we are selective where we feel we are competitive. So recently there were projects on HPL. HPL, Reliance is ongoing. So we get a share out of these projects. We got a good share in HPL project, and Reliance is ongoing. We have got some orders, some are underbidding. And so, this market will also – it's a project business. You can't predict the timelines. It happens when it happens. But I feel it will continuously happen.

Another market in engineered or the segment is mining, which we are now entering. So this is an interesting market which we were away for long-term. And now, we are planning to make those white iron in our foundry itself for those things. So we are localizing the pumps, and that will help us to be more competitive and get a bit more share in the mining market. And, hopefully, also export it into some Asia-Pacific regions in the coming years.

And last but not the least is, water project business. And I talked about vertical turbine pumps and things. So water will be ever green market, it will always be there. And as I said, in water market, we were more

into dealer business, not into project business. So that is another area, which we will be entering with products introduction. And the first one, we've already got split case, and now the vertical turbine, and then we'll have to look for much bigger tubular casing pumps and all those things in the coming months and years.

Dhavan: Got it. And sir, just last one is, out of 800 megawatt of power plant, what would be the opportunity size of pumps for your site? And how do you see the opportunity size of the pump storage for the hydro business? And the last one is, given that the order book is ₹1,200-odd-crore, out of that the engineer business is roughly 60%-odd, which means roughly ₹200 crore comes from the engineer business right now in the order backlog. How do you see this order backlog based on the visibility you mentioned, plus the pipeline, plus the new products? This ₹200 crore of order book, what kind of order book growth do you expect in the next three years' timeframe?

Rajeev Jain: Our orders on hand is almost ₹2,400 crores. Half of it is the normal business, and half of it is nuclear, ₹1,200 crores and ₹1,200 crores. Out of ₹1,200 crores, nuclear I mentioned, almost ₹250 crores is what we are planning next year. Yeah. And the remaining ₹1,200 crores is the normal standard business, project business, all put together. So that is the pipeline of orders on hand, which we have. So next year, with nuclear happening, I think, we are expecting a good revenue growth also with this pipeline of our orders on hand.

Now, what was your other question?

Dhavan: Basically, excluding nuclear, what kind of growth do you expect from the engineered segment? I think engineered, excluding nuclear is ₹200-odd-crore kind of the order backlog?

Rajeev Jain: No, it's much more. It's much more. I don't know where did you get your figure ₹200 crores from, because the standard business is very short delivery items. Those go in 8 to 10, 12 weeks. So the majority of ₹1,200 crores would be the project business. So it would be maybe 60% to 70% of that would be the project business.

Dhavan: And out of 800 megawatt of thermal power plant, how much is the [Indiscernible] [0:52:25].

Rajeev Jain: Normally it would be ranging 3% to 4% of the total investment in this plant.

Unidentified Analyst: Hi sir, one question from my end. Two questions actually. Which are the brands that KSB globally competes with which are not present in India, and because of the increasing economy are they planning to enter India?

Rajeev Jain: I don't see any international brand, which is not present in India.

Unidentified Analyst: Okay. Okay. And second question was what would be our segment wise market shares if you are okay sharing the number?

Rajeev Jain: It's difficult to estimate segment wise. In different segments, somewhere we are in the leading position, somewhere we are not. So it is a bit diverse depending on the different segments.

Unidentified Analyst: And for what percentage of your revenue would we be the market leaders?

Rajeev Jain: Come again.

Unidentified Analyst: For what percentage of our revenue would we have a market leadership? So in what percentage of our revenues are we the market leaders?

Rajeev Jain: You are doing too much analysis. As I said, in some segments we are the leaders. And the leadership could be in energy segments. It could be sometimes in different segments. Sometimes it could be in the distillery industry. It could be various segments.

Unidentified Analyst: And as per you, which is a bigger entry barrier? The dealer network or the technology, which is required to get the right quality of firms? Which is a bigger entry barrier for a new brand to take market share away from you?

Rajeev Jain: Which is the biggest entry barrier? There could be again, it's a very general question. See, it could be brand acceptance. Once you have to for standard business, brand becomes very important. Not only the brand, the brand image is built on the product quality, the relationships, what the dealer network has, the aftermarket support, the quality, everything.

And for project and engineered business, it's provenness, proven and track record. And also, yeah, the qualification, this becomes. So in different segments there are different requirements for a brand to enter that market. So I would simply say that if your brand is trying to enter

into Indian market, it should reflect on what it is their core strength. You cannot have just enter the Indian market and, say, I have a pump and I will start selling here. That doesn't happen. So, one should if an international brand is trying to enter, they must have be having some of their own core strengths, and that core strength they should use and then look at the market barriers and try to overcome that. That would be what I would recommend in case you are planning to bring in a new brand.

Unidentified Analyst: Thank you.

Manish: Just it was fascinating to hear then always from you the products that you keep developing each year. Just wanted to understand like you also mentioned in the PPT 350 service centres, one main warehouse which is there across. Could you also help us understand what is the strength of the dealers that you have in the country? How much do you keep adding every year in that?

And one other thing is like moment you appoint a dealer, the inventory with the dealer is like with whom? Like it is the dealer's inventory or is it with the company which is showing it up? So if you could just highlight.

Rajeev Jain: Yeah, what is us for dealer business? We say it's a win-win strategy. Dealers are entrepreneurs, better entrepreneurs than us. We are sometimes playing safe, but dealers are entrepreneurs who put their money and they know how to rotate their money and generate wealth, much better sometimes than us. So that's why I say it's a core part of our business. We look for dealers who have that risk-taking ability, who are able to put their finance and who have a good appetite. And that's why we have long-term dealers, because KSB gives them the comfort that we will support you, the business will become your generation to generation, keeping moving forward and we keep on adding the product basket. What does the dealer need? He needs more and more products so that he gets a better accessible market.

So I would say that our core strength in keeping a long-term good relation with dealers is fair policies. We have very good clear policies, policies of territory where they will act; policies of in which great category they are; policies of, I would say, supporting them and very transparent policies. And, of course, the promotion and the pride of being associated with a brand like KSB is a part of that portfolio.

Yeah, so our core strength has been to add these products year-after-year in different segments and fill up their needs. Because even after developing so many products, when I go to a dealer meet, I am amazed at the request which keeps on coming. But I would say they are also amazed at the way we are also introducing that product. So earlier when I used to go to a dealer meet, there used to be demand. But now they worry that I give them the product and then ask business from them. So, now, it's a good collaboration.

What was your other question?

Manish: What's the strength of the dealers or exclusive dealers? I don't know how you classify them. I have no idea.

Rajeev Jain: In our terminology, dealers are one who keep the inventory themselves. For us, and I said win-win is because we give them a standard product and they do the customization. They will meet the customer requirements of parameters, little bit modification, trimming of the impellers, whatever is required. And that is where they do their value addition and they keep the inventory. For us, KSB, for our factories, it becomes a standard business, less overheads, and much better output.

Manish: What is the strength of the dealer network today?

Mahesh Bhawe: 1,100.

Manish: 1,100. These are exclusive dealers?

Rajeev Jain: No, no, it's a mix of exclusive. In some segments, industry segments, building segments, these are maybe more exclusive. But in agri and domestic, which is a very, I would say, vast market, and there are many players in this, the dealers can be having multiple products, but most of the time not overlapping products. So, let's say, if we have a dealer, it would be for agri business, not for domestic business, and the other way around.

Manish: And just one final thing on this entire service thing. Are you actually or maybe you already do that. Do you actually have some sort of mobile or network connectivity with a pump that is being supplied across? So what are the sort of problems that are coming across to that extent you actually have?

Rajeev Jain: Yeah, in today's world, this has become the need. And we have a device called KSB Guard. This KSB Guard has sensors which are fitted onto the pump bearing housing, and they are connected at the local site. And we monitor them centrally from Pune. We have a team of people who monitors them, monitors the performance of the pumps, tells the customers when they need to do replacement or maintenance. So this is the in-thing today. This is something already, means, it's getting more and more popular, but with in-house maintenance teams sometimes it's not easy that we put, this because there is in-house available things. But I see the demand of this getting much more. So all our pumps which go from our engineered factory in Shirwal, they will have a KSB Guard.

Manish: Thank you so much.

Mohit Surana: Sir, my name is Mohit Surana from Monarch Network. I have a few questions, sir. So first is, last quarter you mentioned about increasing your capacity in the valves segment. Have you already done that and by how much percentage, if you can mention?

Rajeev Jain: I cannot do quarter to quarter capacity increase, it's a long-term thing. Capacity increases happens by maybe adding space, adding machinery, and of course with internal improvement measures. So the internal improvement measures by lean manufacturing, by all those theories and practical things, this continuously happens. So redoing the layout, and value stream mapping, all these aspects keep on happening continuously.

So the measurement of how much capacity is increased, one can see from the output of number of valves made, and that we are seeing, that we are continuously doing that. That also happens by outsourcing contract manufacturing route, the low end of the product, we don't make ourselves, we get it made outside, and the critical testing we do in-house.

So those are the short-term measures, which we do contract manufacturing could be a permanent long-term as well. But the real capacity increase happens when we invest in a new bigger location with machineries and all those things. Those are long-term strategies, those are always under review for the 5-year, 10-year planning. So as and when we finalize that, and as and when we make a conclusion, we'll share it with you.

- Mohit Surana:** Sir, next question is regarding the MIL control, our sister concern, they are into control valves. Are we also not producing control valves? I just wanted to understand that the parent company has two sister concerns in India. Why not consolidate into just one, or rather than two separate entities?
- Rajeev Jain:** What is the benefit of consolidation that we are not getting today?
- Mohit Surana:** Sir, similarly, what's the benefit of keeping two entities separate? And the business is the same.
- Rajeev Jain:** Yeah, but you are asking why not consolidate, so I want to know what is the benefit, because they're running perfectly fine under KSB management. So if you can suggest some benefits, then we can look at it.
- Mohit Surana:** Sir, but are the products different or is it the same in terms of the valves that is being manufactured?
- Rajeev Jain:** You mentioned it is control valve, so it has to be different.
- Mohit Surana:** Okay. Understood, sir. Understood.
- Rajeev Jain:** So I would appreciate if you tell me what are the benefits of consolidating keeping it in one, then definitely it would make a business case to do that. But otherwise, things are running fine and the factories are doing well. So unless we see a benefit, it doesn't make.
- Mohit Surana:** Understood. Sir, the next question is regarding the entity that you acquired Bharat Pumps and Compressors. If you can give some insights...
- Rajeev Jain:** We did not acquire the entity per se. We only acquired the technology, the drawings.
- Mohit Surana:** Understood.
- Rajeev Jain:** And those are running well. As I mentioned earlier, that we already have an orders on hand of ₹20 crores. And this will grow multiple times, because there's a huge install base, 500, 600 pumps. Plus, we are upgrading the product range. Plus, we have the nuclear business there for install base. I mentioned the word reciprocating pump. We developed that reciprocating pump. We are trying to get it approved with the NPCIL. So huge opportunities for us on that BP&CL.

Mohit Surana: Understood. Sir, lastly, you talked about nuclear energy. The orders that we last received was in 2018-2019, which is still being executed. Now, we have an ambitious goal of increasing the capacity from 7 gigawatts to around 21 gigawatts over the next 5 years. Just wanted to understand, if you can give some insights on what's going on with the NPCIL orders, when can we expect next orders for new nuclear power plant reactor coolant pumps? I understand...

Rajeev Jain: I would also be very keen to know that. Myself would be very keen to – wish I could answer that or wish I could know that. Because I feel very embarrassed in every investor call when I come and tell you those orders on hand will go next quarter, next quarter. But to give you an assurance, nothing is wrong with those pump. Pumps are made much better, I would say, than the past ones, maybe because the kind of testing and things have gone. They have done everything possible. And it's been come out very beautifully if you come to our factory sometime. And the casings and all have been supplied, the motors, everything is ready.

So I feel a bit awkward to answer or give a commitment when it will happen, because it takes two hands to clap. And, today, we are ready and that's why you see the things are changing. There is private participation now which is happening and that is the reason that the government is looking at speeding up these things. And, I think, maybe the pace at which it happens in the past will not be the same in the future. My opinion, it will definitely speed up and change.

Mohit Surana: Got it. So the last question if I may squeeze in. Regarding green hydrogen, have we started supplying some pumps towards that segment and what is it?

Rajeev Jain: Yes, I think green hydrogen, our Group KSB has a good order booking and that is the advantage with a company like KSB. You get the technology, you get the head start, same like FGD, same like supercritical boiler feed pumps. All these head starts which KSB gets in India is because of the parents' company's developed technology. And same is valid for green hydrogen. We already have some orders, small business, but we have been successful in this because the product range is available.

But we intend to participate more and more as the demand picks up locally, which would happen in the next 2, 3 years. But these would be much smaller pumps. We intend to localize them also so that we become much more competitive. And this is definitely an area which

we have a good opportunity based on the parent company's technology, provenness, and strength where we are.

Mohit Surana: Understood, sir. Thank you.

Rajeev Jain: Thank you.

Unidentified Analyst: Sir?

Rajeev Jain: Please. Thank you. And please let us know which pump manufacturer you are bringing to India.

Unidentified Analyst: Yeah. Sir, so if you probably look at your numbers, if exports have declined, I believe your domestic looks to be having grown at 18%. So am I right on that number for 9 months? And if that is the case, then do we expect that this momentum to continue going forward? And second question, if you can share the order intake number, I think you gave the breakup. But if you can please share the order intake number for 9 months and 3 months, it will be helpful?

And just to continue from that nuclear thing, I believe that the additional orders which we were expecting, that tenders which were likely to be floated, maybe if you can share the status on that? Thank you.

Rajeev Jain: Okay, I'll start from the third question, nuclear orders.

Unidentified Analyst: Yeah, tender which I think...

Rajeev Jain: Again, answer would be the same, your information is as good as mine.

Unidentified Analyst: We also don't have any information.

Rajeev Jain: I also don't have any information, because the information which I may have may not be the right one. Unless the tender is issued, I can't comment on it.

Unidentified Analyst: Yeah. So tender is still not [Indiscernible] [1:10:22].

Rajeev Jain: And one should understand is that when your first site itself is delayed and they have also ordered the Kaiga one. So the next site which would come, whichever comes would be required in maybe 5 years

down the line. So there is no hurry to raise that tender. And, again, it depends on the speed at which all these power plant comes up.

Your second question was on order intake. Yeah, order intake in the last quarter, in the last 9 months of this year has not been very strong, I would say. It is compared to last year. But there are many factors we spoke about it, the general economic situation, the election scenarios and the various aspects.

But moving on, I feel we have good inquiry bank and good things. So if I look at it, order intake, it would be maybe a single-digit growth, 8% to 10% over last year.

Mahesh Bhawe: I think you wanted the number, which he already mentioned actually, ₹1,200 crores.

Unidentified Analyst: No, that is order hold you mentioned.

Mahesh Bhawe: No, that is order hold, ₹1,200 crores plus ₹1,200 crores.

Unidentified Analyst: Order inflow...

Mahesh Bhawe: That also was presented.

Unidentified Analyst: You said order book of ₹1,100-odd-crores and then you showed a slide where order intake percentage.

Mahesh Bhawe: Yeah, so order booked is order intake. Order booked, that is order intake. That is orders in hand, that is ₹1,200 crores plus ₹1,200 crores, nuclear and non-nuclear.

Unidentified Analyst: ₹1,100 crores is order booked. Okay. Okay.

Rajeev Jain: ₹1,100 crores is the orders on hand. That is what we have said. Order intake, I mentioned to you, is around 8% to 10% more than the last year.

Unidentified Analyst: Last year 9 months.

Rajeev Jain: Last year 9 months. Single-digit. As I mentioned, the order intake has not been as high, because of the various factors, but I think...

Unidentified Analyst: But that is also a function of your exports not growing. I was trying to understand more from domestic, because some math calculation shows that domestic has grown 18%.

Rajeev Jain: No, no, domestic has not grown 18%. I don't know which figures you are...

Unidentified Analyst: You said 12% revenue share of exports, I probably just calculated because last year 9 months was 18% revenue share.

Rajeev Jain: Domestic has not grown 18%. I wish it was 18%. So don't confuse the numbers. Let me summarize for you. Order on hand is ₹1,200 crores. Clear? And orders export is 12% of the total revenue. And order intake is slower than what we had planned this year. But moving on, it will be good with the new product additions with the market picking up in the coming time. We should see a healthy order intake growth as well.

If you look at our order intake this year, when I say it's not healthy, it is also considering the fact that I have not considered nuclear order of Kudankulam this year. We normally keep that out of our order intake of our analysis. If you consider nuclear order intake, then we have grown healthy order intake.

Unidentified Analyst: Thank you, sir.

Unidentified Analyst: Sir, while the pillars of growth for your company, for our company is standard business, SupremeServ as well as Solar, which we are talking about now, the valves business and the nuclear business, in addition to that, you're also saying that there are certain products which are in pipeline which have to be put in the market soon, including reciprocating pumps and FGD and the firefighting.

So my question is that, do you think that you've been a little more conservative on the margin, the blended margin side, where you're guiding that it could be constant over the next year or maybe next 2 years or so? Because the service business is something that can probably add to the margin profile, maybe from 14.5% to somewhere around 16% or 17% or 18%, if you wish to guide on that. Why are we so conservative on this margin profile, the blended ones?

Rajeev Jain: I don't think we are being conservative. 13% to 14% EBITDA is a very good EBITDA. So I don't think we are being conservative. And I also clarified that we are looking for aggressive growth. This

aggressive growth comes out of a mix of engineered business and standard business and SupremeServ business. So if we are going to grow in solar business, we don't get EBITDA of 14% in solar business, for example. If we grow in FGD business or engineered project business, I mentioned supercritical power plant, there it is not the same. If we grow in petrochemical business, the API business, that the EBITDA is not the same level.

So when you mix it up all these things, we want to achieve 14% and balance this EBITDA. I think it's a very – considering the fact that we want to grow aggressively, it's a very reasonable good target for us.

Unidentified Analyst: So can we put in a number of maybe 14%, 15% CAGR growth on the top-line, and maybe net profit margins of somewhere like 11% or 10% kind of a range, is it possible? Should we do that over the next 3 years or so?

Rajeev Jain: Of course, of course.

Unidentified Analyst: Okay, sir. Thank you for answering my question. Thanks a lot.

Unidentified Analyst: Hi, sir.

Rajeev Jain: Hi.

Unidentified Analyst: Sir, yeah, I know that we are majorly a product supplier to installers in the solar pump side of it, but we are hearing certain execution and installing delays on the installers part of it, or like, I was trying to understand, could you give a colour on how the exact thing works? Like the tender comes out, and is the farmer responsible for paying for the pump, or is it the government who's already giving an entire subsidy? Also, is there pushback amongst farmers in accepting solar pumps?

Rajeev Jain: No, nothing of that sort, I think, we may be having some initial teething issues, but nothing serious. I think those installations are getting completed and there could be normal teething issues, but nothing of a concern per se.

Unidentified Analyst: And the entire process from tendering to how it flows, could you give us some colour?

Rajeev Jain: Yeah, tendering happens, we get awarded the LOI, and then our installers have to go to the farmers for them to select KSB and

nominate KSB, then the order, work order comes out through the department, and then the installer or we supply the pumps. So that's how it happens. So it's not only that we have to get the LOI, it's after getting the LOI we have to work with the farmers, with our installers to get our pumps preferred by them and then our installer is also networked to be very, very effective and efficient to kind of convince and do their networking both with the farmers and with the departments to get the work orders.

Unidentified Analyst: Sir, just one last follow-up, are your installers solely working for KSB?

Rajeev Jain: We are trying to do that. We are trying to get our installers, who are solely working, not always because we are in this business, we are not the first entrant. So it's taking time, but our endeavour is to have installers who work with us and develop. But it is not true that we have only exclusive installers for us.

Unidentified Analyst: Thank you so much.

Moderator: Yeah, with this we have come to the close of the session. Thanks to the management for giving us an opportunity to host the analyst meet, it was a pleasure and honour to host the top management of KSB, so thank you very much, sir, and thank you everyone for attending the session. With this request, sir, any parting remarks?

Rajeev Jain: No, that's all, thank you for your very detailed questions and appreciate that you take so much interest in our business very much. Thank you for joining us.

Mahesh Bhawe: Thank you.

Moderator: Thank you.