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Subject: Transcript for the Institutional Investors Meet

Dear Sirs/Madam,

In continuation to our intimation dated 28th February, 2024, 29th February, 2024 and 05th March, 2024 enclosing herewith the Transcript of the Institutional Investors Meet held and participated on 05th March, 2024.

Kindly take the same on your records.

Yours faithfully,
For **KSB Limited**

Shraddha Kavathekar
Company Secretary

MANAGEMENT:

Rajeev Jain - Managing Director
Mahesh Bhave - Chief Financial Officer
Shraddha Kavathekar - Company Secretary

Presentation

Moderator: Good morning everybody. I hope I'm audible. So thanks Shraddha. On behalf of ICICI Securities, we welcome you all to the Analyst Meet of KSB Limited.

We are pleased to host today Mr. Rajeev Jain, Managing Director, Mr. Mahesh Bhave, Chief Financial Officer and Shraddha Kavathekar, Company Secretary. We'll start with brief opening remarks followed by Q&A.

Over to you, sir.

Mahesh Bhave: Good morning. Good morning all and welcome to this event from KSB Limited. So I hope screen is visible and I am clearly audible to all of you.

Moderator: Yes, sir. Yes.

Mahesh Bhave: So before we start, cautionary statement regarding the forward-looking statement. This presentation may contain certain forward-looking statements, company's future business development and economic performance. Such statement may be subject to a number of risk, uncertainties and other important factors such as, but not limited to competitive pressures, legislative and regulatory developments, global macroeconomic and political trends, fluctuation 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 statements made in this presentation.

The company assumes no obligation to update or alter forward-looking statements, whether as a result of new information, future events or otherwise.

So with this, we start today's agenda. We will be talking on Organogram, KSB locations, overview of KSB, highlights of quarter

four. Then we will be talking about our customers, order intake, of course financials, the key numbers, major updates, as well as ESG initiatives.

This is the Organogram where Mr. Rajeev Jain, who is present here, Managing Director of KSB Limited and supported by myself as a CFO and DTC Head. Mr. Mohan Patil, who heads HRD. Mr. Prashant Kumar, who heads Sales and Marketing. Operation-Nuclear is headed by Mr. Nitin Patil. Mr. Raja, who heads Valves Factory and Valves Business. Quality Management is headed by Mr. Philip. Mr. Seshadri, who heads PMPS that is Product Management Related Profile. Ms. Shraddha Kavathekar, who is Company Secretary. Mr. Sunil Bapat, who heads our Standard Agricultural and Solar Farm Business. Mr. Rajesh Kulkarni, who heads SupremeServe. Mr. Pradeep Watve, who heads Purchase as well as Foundry, and Mr. Mukesh Pattewar, who heads the Contract Management Division. So this is the Senior Management Organogram.

Our presence, as you are already aware, and this is near to you, we have seven manufacturing locations, four zonal offices, 14 branch offices, and six service stations. We have more than 200 authorized service centers, more than 1,000 authorized dealers of pumps, valves, and systems. We have a liaisoning office in Bangladesh. And we are doing business through dealers in Nepal and Bhutan. So that is the spread of business.

Here, some of the events, like inauguration of the new admin building, Shirwal which we had. So this is done on 2nd November 2023. This is an IGBC certified green building, and the momentous event is inaugurated by all honorable Board members.

This is some of the glimpse of new admin building at our Shirwal plant. You can see the aerial view.

Moving ahead, this is the IPD. This is Irrigation and Process Division plant in Pimpri, Pune. So some of the photographs of IPD plant. This is photographs from inside the factory.

Moving ahead, SupremeServe and Central Warehouse. This is our Chinchwad plant, and some of the photographs. This is the training center. This photograph is inside the factory of our Chinchwad Central Warehouse.

We have a Standard Pump division in Sinnar, Nashik. Some of the photographs of Sinnar. This is the aerial view, and we have photographs from inside the factory.

We have a Foundry Division in Vambori, near Ahemednagar. So some of the photographs of foundry.

We have our Valves Division in Coimbatore, Tamil Nadu. So some of the glimpse of valves factory.

We also have a MIL Control, which is in Kerala. So some of the photographs of MIL. This is inside view of the factory.

We have a KSB Tech Private Limited, which provides a comprehensive area of business technology, engineering services, and solution tailored to meet all the KSB Group companies. So some of the photographs. This is a state-of-the-art design center, which is into engineering and IT service providing to the group.

We have additional floor inaugurated in again in November 23 of KSB Tech. We had a visit of Global Management Team, and we are honored to host Mr. Bubel, Head of Administrative Board, and Dr. Stephan Timmermann, CEO of KSB SE Germany. So they visited us in November 23. Some of the photographs.

Moving ahead, overview of business application in various sector. So energy, application in energy, KSB Pumps and Valves ensure energy efficient and reliability, helps to achieve optimum performance and safety in power plants. Our products are high pressure multi-stage pumps, FGD pumps, GGC and ball valves. Applications include boiler feedback pump, condensate extraction pumps, FGD, hydrocarbon services, industrial application variety indeed is the spice of life, and in this case of our pumps.

The products include state suction pump, process pumps, non-clog pumps, high pressure multi-stage pumps, confirming API 610, GGC and ball valves. Application includes oil and gas, sugar, paper and pulp, thermic fluid, process application, hydrocarbon services.

Irrigation, application in water, optimized products from specialists. For the entire water cycle, products include submersible pump sets, open well monoblock pumps, mini monoblock pumps, dewatering pumps, solar products, GGC and ball valves. And application includes irrigation, farmhouses, drinking water supply, et cetera.

Wastewater, clean solution, products include submersible motor non-clog pumps, horizontal non-clog and suction pumps, GGC and ball valves. Application includes various types of municipal and industrial wastewater, sewage, effluent, transport and treatment, storm water drainage and dewatering, et cetera.

Construction, so KSBs all-in solution always represent a sound foundation. So these products includes hydro-pneumatic system, firefighting pumps, listed as well as non-listed, supported by lean and efficient processes, dedicated sales management and spare part repair field service. This includes field service, modification, replacement and footprint pumps.

Moving ahead, highlights of quarter 4, 2023. We have first breakthrough order for reciprocating pumps, received an order for FGD. This is another breakthrough. Received first order of FM package firefighting pump set and indigenized KRT pumps. Received LOE from MSEDCL for solar pumping system under PM-KUSUM scheme in Maharashtra and successfully installed first range of order received from PM-KUSUM scheme in Haryana and orders under execution include Rajasthan and Gujarat States. So these are some of the highlights.

Moving ahead, top 10 customer, more or less the list remains same barring few additions. So if you can see in the 2023, Thermax, IGSEC and then we have couple of dealers, Patil Engineering, Megha, Rushabh, NTPC, Pooja Engineering, Deraz, K.C. Cottrell and Hydraulic Engineering. These are our top 10 customers.

Moving ahead, order intake, you can see the pie chart. If you see the order intake pie chart, standard products. So this is from 43, more or less it is to 44% of the share what standard products is having. Engineering products, SupremeServe and Valves. So more or less this share remains same in '23 compared to '22.

Orders on hand, OOH, situation, you can see a good situation for OOH. You can see the chart 21, 8,376 and it has grown by 25% in '22 and further growth of 12.3%. So in '23, we have 11,755 Mio INR. So it's a good OOH situation overall. This is of course without nuclear.

Export performance, we have a CAGR of 23%. You can see the actual of 23%, it is 16%. So it's a good growth in order intake in export as well.

Coming to some of the working capital slides. I hope I am audible and you can see the screen. So inventories, you can see a good improvement in inventory in last month. And we have now 5,640 million. Receivable due to the growth in sales, this is 4,970 million, at December end. And a good net financial position. You can see the net financial position 2,746 million compared to 2,623 million at December '22.

This is the chart which is showing ROCE and this is depicted from 2014. You can see a good growth in ROCE and 2023, it is 23.5%.

Moving ahead, EPS, again a good growth. You can see it has again -- rise from INR51.5 to INR58.8 per share.

Revenue from operation, again a good growth. December '23, we could close INR22,472 Mio compared to INR18,222 Mio in December '22. Profit, we continue with a good growth in profit along with the revenue growth. So we can see that INR2,749 Mio, which is again a good growth story in profitability.

Okay, major updates. NPCIL order, GHAVB project status for RSR 400. So first pump casing dispatched to site in November '23. First rotor assembly is ready. You can see the pictures.

Some of the ESG initiatives, group captive solar. We have entered into a power purchase agreement signed with Sunsure Energy. So as you see vendor is the Sunsure Energy, the location is in Solapur, Maharashtra and capacity is 6.65 megawatts. And supply nearly one crore unit of green power annually for 25 years. And you can see the tonnage CO2 offset and this is like equivalent to 3.5 lakh trees. So this will give a lot of cost saving opportunities as well as the ESG, a good ESG measure what we have initiated this year.

Carbon emission reduction 2022 scope one emissions, 22% we have achieved and you can see scope two emissions, this is 8%. Energy audits at IPD, WPD, CBE and FD plants to find out energy saving measures. Accurate measurement of emissions scores, awareness created in process owners. So these are some of the measures and company is moving towards the ESG targets.

ESG training module and certification, so this module in audio-video mode which is implemented across all the members, all the staff, ESG-related interesting games and puzzles. An employee has to pass the test by scoring more than 80%. This is a good measure where all

the awareness and followed by the test. So making a very serious effort towards ESG.

Yes, this is another focus of the company that is on gender diversity, various measures, formation of gender diversity project team. Diversity ambassador which is already done. A female friendly environment, engaging social counsellor, special recruitment drive for female candidates. So these are the five initiatives for improving the diversity.

Various engagement activities, you can see participation at India Energy Week. This was in Goa and this was inaugurated by the Honorable Prime Minister. You can see the photographs. The second event is the Second Hydrogen India Summit '24 which happened in New Delhi.

Some of the exhibitions, KISAN EXPO, Pune 2023, so one of the largest agri fairs across India organized in Pune from 13 to 17 December, .23. Paperex Expo. This happened in Noida, 16 International Exhibition and Conference on Pulp, Paper and Allied Industries. And this was -- happened in 6 to 9 December in Noida.

Further events on exhibitions like KSB at VSI Expo, Pune, and this has displayed a wide range of pumps including the Etanorm, KN CPP, CPK. This is specifically designed for ethanol distilleries and valves designed for sugar plants.

And then we have ANUTECH Expo in Mumbai. This is again from 7 to 9 September, 2023. Again VSI Expo 2023 in Pune, International Mining Expo that happened in Kolkata. FSIE Expo. This has happened in Mumbai, so from various ranges. Bhabha Atomic Research Centre visit at EPD, some of the photographs.

We of course continue to have dealer conferences. We had East Zone Dealer Conference, more than 60 plus dealers participated. This happened in December. North Zone Dealer Conference. This happened in November and more than 100 dealers attended this. So major highlights, key product launch which is Ultra Plus and 3 and 5 HP single-phase monoblock pumpset, KSTP sewage pumps displayed the extensive range of newly developed product.

CSR of course, Women Entrepreneurship Development Program, EDP, 40 women established their businesses out of which 30 received seed funds. Some of the further CSR initiatives. Yeah, thank you. That's all on presentation.

Shraddha Kavathekar: Yes, you may start the question answer now, please.

Moderator: Kunal, please go ahead.

Kunal: Yeah, hi, thank you, Mohit. Hi, thank you so much sir for the opportunity. My first question is pertaining to the domestic market. Sir, if you can give us some sense about how are you seeing traction in various end markets in the domestic market? Which are the specific areas you are seeing more traction? Any slowdown that you are seeing which could be election-related slowdown? Basically, some sense on how are you seeing the domestic market shaping up?

Rajeev Jain: Good morning to all. I think related to your question on domestic market, I think we see good movement or good situation at present related to our standard business. When I talk about standard business, it's mainly industry, general industry, building service market, whether it is water, wastewater. These segments are doing quite well.

What is a little bit slowdown is the petrochemical oil and gas market where we see less number of projects. We also see that also in the FGD business where those projects have slowed down. And of course, nuclear anyway, goes on its own pace. I would say standard business, which is almost 50% of our portfolio, we see good progress on the market, still showing good visibility. Only on the project business side, there is a bit of, let's say, we are expecting...

Kunal: Sir, your voice is not very clear.

Rajeev Jain: Yeah. Could you get me or should I repeat?

Kunal: Only the last bit. I heard till you are seeing some slowdown in the project business.

Rajeev Jain: So project business is, especially in the oil and gas and FGD markets and the coal market, of course, was slow for quite some time. But FGD market was a relief for us in the last couple of years. That has also a bit slowed down. But we expect them bouncing back coming in the second half of this year. So the first half, I guess, will be slow on these projects.

Oil and gas, there are some projects which are moving and we should see good visibility in the second half. But on the standard business, which I say standard business, it will be the small contractors and unions that continues.

Shraddha Kavathekar: Yes. Next question, please. Yeah. From Anjali.

Anjali: Good morning, sir. Am I audible?

Rajeev Jain: Yes, yes, we can hear you.

Anjali: So my question is regarding the nuclear power program. So we have been hearing that the government is now again focusing on the addition of nuclear power capacity. So what are your thoughts on the same?

And also Kirloskar Brothers are a competitor or peer, if we may call it. They have also said that small module reactors is the way for the addition of nuclear power in the country. And we are also seeing some of the headwinds in the other sources of power, like wind and solar, because there they are lagging in the capacity addition. What do you think that -- would it be a big trigger for the growth, for our company's growth, for pumps manufacturers? So if you can just give a broad perspective for the next two to three years on the same, and if you can see any order visibility in the near term as well.

Rajeev Jain: Yes, nuclear is a very, let's say, a very important segment for us, KSB. We are one of the few manufacturers who are qualified for this business. And we have been very successful, not only in India, but globally as well. And we are already having an order on hand of INR1000 crore plus for this business. So we are looking forward for the implementation of all the projects which have been announced, especially on the 700 megawatt plants for the remaining sites. That is one aspect.

We are looking forward for other projects also, like for the reactors. Also EDF is one more opportunity which may come up in other discussions. So nuclear, if you ask me the visibility for the next two to three years, considering the pace at which this business moves, we should get a good share, depending on how the project implementation goes. But I am hopeful that this momentum or whatever business we have got, we should be able to continue that business and participate more in other aspects as well. It's both on the nuclear island and also on the turbine island, which the contract has gone to BHU. So there also we hope we should be able to participate whenever that comes up for discussion and finalization.

So overall, I would give a good visibility. And this will not be only for two, three years. I think it will be for years, moving down the line,

five, six -- five to 10 years, that I see a continuous good visibility. It could also happen in exports as well, if the things go well, because we, with our capability and all the know-how which we have gathered, I think it will open up some opportunities there also.

And related to SMR, yes, we have our group as well as us. We are reviewing this, studying this. And accordingly, a lot of customer visits are happening, as well as the discussions that are happening with the relevant parties. So I think it will come. It's a little bit still time. But it will come eventually with the face of privatization, as well as going into SMR, the discussions that are happening. And we are also preparing ourselves for those opportunities.

Anjali: Thank you, sir. That's all the questions.

Kunal: Yes, thank you for the opportunity again. Sir, I just wanted to check on SupremeServe. For SupremeServe, we had this target of taking the SupremeServe contribution to more than 20%, 25% of the revenue over the next few years. Just wanted to get some sense on where are we on that journey, and what are the key initiatives that we are taking to get there?

Rajeev Jain: Yeah, SupremeServe, that is the aftermarket business, is one of our most important road drivers, not only on the top line, but more importantly on the bottom line, where we get our maximum profitability from. And there are quite a number of initiatives which we have taken apart from the regular market. Yeah, request is kindly mute after you ask the question, because then the audio quality is not good enough for anybody to hear.

I would say SupremeServe, we are taking all the necessary initiatives in our regular products of retrofit, replacement, so that business goes on as planned or as usual. Other new initiatives which we have taken, and we are seeing good success is one is BPCL acquisition. If you remember we did that acquisition a couple of years back, and we have started reaping the benefits now.

We, in fact, also, as we mentioned in our presentation, we got the first reciprocating pump order. Most of the PSUs, they have qualified us as the proprietary supplier for this aftermarket and all the installed base of BPCL. So I think, step by step, we will continue to grow in that business related to the BPCL install base products.

Another initiative is mechanical seals. We did almost a business of 10,000 seals we sold in the aftermarket. And we want to double it this year. So the mechanical seal business is also moving quite well, and the advantage that we have is that we are a pump for OEM itself. So it gives us a good starting advantage of increasing our installed base.

So that is another initiative which is helping our SupremeServe business. And of course, the other initiatives of the boiler circulation pumps, repair, the big supercritical plants, the nuclear business, aftermarket business related to mechanical seals, so all those are good opportunities which KSB is banking on and progressing as well. We have started getting orders, for example, in the nuclear power plants I mentioned about mechanical seals and some replacement pumps in the turbine island. So I see SupremeServe being a very important and a critical segment for us. And yes, we definitely want to take it beyond 20% and further. Right now we are somewhere between 15% and 20%, mainly because our product mix of standard business is quite high related to domestic, agri and all.

So the percentage becomes a bit lower in totality. But we are on a roll, I think this percentage will grow.

Kunal: Sir, my second question is pertaining to nuclear power. If you can just tell us how much of nuclear power revenue will be booked in CY24 and CY25? That is my question. Thank you.

Rajeev Jain: Nuclear power, I cannot make an accurate forecast, because this business, I think it has their own complexities or dynamics and it depends on the site progress, site availability and all the compliances and the process being completed. So I think we will do good. We are expecting some good orders. And I cannot quantify the numbers for this year, next year. But as I said, once these orders come to the finalization stage, we should have a good share of that.

Kunal: No, sir. Essentially, what I meant was that out of the current order book, how is our execution schedule? I think this year we were supposed to supply two pumps, right?

Rajeev Jain: Yeah, that is on track. That is on track and we are still booking and expecting to supply two pump sets this year.

Kunal: Sure. Thank you so much, sir. And best of luck for the future.

Moderator: Thank you. Dhawan, please go ahead with your question.

Dhawan: Yeah, sir. So my question is on the recip pumps, so can you share the industry size of these recip pumps? And what is our overall the target market?

Rajeev Jain: As you know, KSB, we are focused on the centrifugal pump market. Reciprocating pump came as an opportunity due to our acquisition of BPCL know-how. And so this market is a limited market. But whatever installed base is available for BPCL, both in oil and gas as well as nuclear, is what we are targeting.

For oil and gas, as I mentioned to you, we already got an order from one of the PSUs for a replacement. And for nuclear, we are making the prototype to get ourselves invested and qualified for all the future 700 megawatt power plants which are coming.

So on both these segments, we have those opportunities. And yeah, it is not as big as a market as a centrifugal, but there are not many players in this reciprocating market also.

Dhawan: In absolute terms, can you share the numbers? From oil and gas, how much could be the order inflows or the opportunity size? And from the nuclear, the 700 megawatt power plant you mentioned. So what could be the per megawatt size?

Rajeev Jain: I will not be able to quantify this right now because we will have to see as it goes and how when we start participating on it. So then we will have a more clear picture. But as I mentioned, for each 700 megawatt plant, you need these pumps.

Not as big as our existing primary coolant pumps or the other pumps. But these pumps are also required, I would say, on some percentage of that value. And in oil and gas also, I would say it is more of a replacement market and the install base. And for the new ones, it is still some time till we supply, till we get a good proven tech record of these pumps. Then only we will be able to act also in the new business. At present, I will not be able to quantify this share now.

Dhawan: Sure. And in the nuclear business, have we supplied any pump in CY23? Because I think we were guiding roughly one pump for this fiscal. So have we done anything?

Rajeev Jain: No, in CY23, we did not supply any pump. In the CY24, in this calendar year, we are expecting to supply two pumps.

Dhawan: So I just wanted to understand more in the nuclear business. I think what are the challenges you are facing in this business? Because I think we are downgrading the guidance every year since I think last two, three quarters. So I just wanted to understand more in terms of the challenges we are facing in this business.

Rajeev Jain: In the nuclear business?

Dhawan: Yeah, yeah.

Rajeev Jain: I think the challenges are nothing new. These are the challenges associated with this business that this goes in its speed of -- each stage of pump manufacturing is very extensive, very detailed. And it takes time, not only for the pump, but also like motor supply like this year for this order, we are getting it from BHEL. So that process is lengthy, very detailed. And at each stage of, let's say, it's document approval or testing, that process is very detailed. And especially so because these are the first pumps being made in India. So it takes that time. Secondly, the challenge of having the testbed at Tarapur, which NPCIL is building. So that also is getting built in stages. And it has to be synchronized with our pump manufacturing that when our pump is manufacturing the casing, for example, those you have to weld it. And the welding is very critical.

So that whole process takes time. Then you have the first pump testing for 500 hours. So all these challenges are related to the supply of the first pump set specifically. And because this is where this pump will be first time made 100% in India, that qualification process till the pumps are tested, finally, it is going to be lengthy. But once it is completed, then the remaining seven pumps should be much faster, much smoother, depending again on the site availability. The site progress is also very important for this business, especially this Gorakhpur, Haryana project, which is delayed due to some reasons.

So once the site also is in line, then the things move faster. But knowing this, the challenge, I would say, was only the pace of progress, which is the complete, I would say, something associated with this nuclear business. But having said that, I am quite optimistic that there are other opportunities which we are participating and we are hopeful that that will help us meantime as well till the other projects catch up.

Dhawan: Got it. Got it, sir. And the last one, I missed the export number. What was the exports in this year, CY23 total?

Mahesh Bhave: It was 16%.

Rajeev Jain: It was almost around INR382 crores.

Dhawan: Okay. Got it, sir. Thank you.

Unidentified Analyst: Hi. I just wanted to understand the order that we received from Siemens. So Siemens received an order to supply 1,200 locomotives to Indian Railways. If you can just give us some color on, have you received some orders and how much time will it take to manufacture pumps that will be required for Siemens? And what kind of orders can we expect going forward? Thank you.

Rajeev Jain: I guess you are referring to the locomotive business. Siemens, we have been in discussion with Siemens that we are finalizing a long-term contract, a contract which is for almost, I think, 10 years supply of these pumps. It could be more than 2,000 units. And again, it has gone through a qualification process. The pumps have been taken from our KSB, our parent company and we have localized it. The pumps have been tested also in Germany, also through Siemens requirement. So all that is settled. And I think year-on-year, we should start getting this business starting this year for the next 5 to 10 years. And this will continue based on a long-term agreement.

And similarly other manufacturers have also started. We have started discussions with them. So this will be something also an addition and a good segment for us in the coming years.

Unidentified Analyst: Understood. Thank you, sir. Just one more question. We recently got empaneled with MSEDCL, Maharashtra Discom for pump supply. Just wanted to understand, this is a letter of empanelment. Does this mean we will receive order or we will have to wait for the Maharashtra Discom to start with the tender process or something like that?

Rajeev Jain: Yeah, the process is once we receive the letter of award that means this much quantity is our share for the whole state. But that doesn't mean that we have got the order. It's a letter of award. And the next step is that our installer network, our network of installers, they go to the farmers and then they collect the orders from the respective farmers who are then handled by these installers. And we supply the complete pump set and they install it. And we'll have to work on that to meet those farmers, convince and get the final orders from those farmers through the government.

Unidentified Analyst: Understood. Thank you, sir. That's all from my end.

Shraddha Kavathekar: Next question, please.

Unidentified Analyst: Yeah. Hi, sir. Good morning. Thanks for the opportunity. Sir, my question is on the margin. If I look at the gross margin, it has been quite under pressure during the quarter. Our execution has been very strong. So I just wanted to understand what was the reason for such a compression in the gross margin and what is the outlook that you give for the margin going ahead?

Rajeev Jain: Yes. The gross margin for us has been under pressure because of specifically related to project business, which we have taken orders in the last one or two years. These projects are related to oil and gas where the competition is very high. So those orders got executed in these quarters. That was one.

Second was the FGD business where the margins are very tight. But the upside to this FGD business is that we can recover those margins in the aftermarket because this is a very high-admissive application and so the wear and tear is high. So we have knowingly taken these orders at lower margins so that we have a good install base that will help our SupremeServe business in the future months to come. And we are seeing that as and when plants are getting commissioned of FGD, we start getting those spare parts and other related component business. So these were two.

Then the third thing is we are going to a lot of new strategic segments and new products and where to break those entry barriers, to take those strategic orders, even in oil and gas, because important is to build up the PTR. So some part of this margin is coming to those strategic orders, which we have knowingly taken to create a reference and open doors for the future. These are in across wastewater segment also for higher motor ratings. These are in oil and gas, I mentioned. And these are also in other segments for where we are, like example, in firefighting application.

And so one of our segments which we are going into is firefighting, which where the pump constitutes a very small part, 20%, 25% of the whole assembly. And there the margins cannot be as good as the pump or the product itself. So a bit of a product mix makes the difference as well. And that is, I would say, the main reasons.

Going forward, the situation in the project business will not change, but we intend to compensate that by growing, one is SupremeServe

business, where we are creating that install base I mentioned about BPCL business, mechanical seam business, FGD business. These would be our three main additions to the SupremeServe business. And going forward, we are also looking to the export business. So with our enhanced product basket, we feel we have much more market access to our KSB offices.

And we should be able to increase our export business, which are somewhat better margins than the domestic business. So I think going forward, that should help us time to recover a bit of gross margin that we have lost.

Unidentified Analyst: Thanks for the detailed answer, sir. Sir, was there any contribution from the KUSUM during CY23 revenue? What was that?

Rajeev Jain: Yes, there was some contribution. I think almost INR30 crores, what we invoiced last year. And this is what we did in CY23.

Unidentified Analyst: Okay. And sir my final question is, the two nuclear pumps which we are targeting to supply this year, what can be the ball park revenue from these two pumps?

Rajeev Jain: I think we mentioned it last time, it would be around INR100 crores, total. And the pump size is around INR50 crores.

Unidentified Analyst: Okay, sir. Thank you very much for the answers.

Unidentified Analyst: Hi, sir. Thanks for the opportunity. So my question is, we are not very strong on solar business. So but in this quarter, we have won some orders. So where do you see this business going in the next two, three years, sir?

Rajeev Jain: Yeah, we see we are looking forward for much better market share or better orders in the coming months and years. We have participated in the solar business as a consortium to get qualified with the minimum criteria of supplying 1,000 pump sets. So -- and we are partnering with some partners to go in different states. So as and when we get the PTRs, our chances and our possibilities to participate in almost all states will be better.

And so we will definitely look forward for a better business and orders in the coming year, at least '24 and '25 as well. This is an area of growth for us or a potential growth for us. We are going in that step by step. As I said, first creating our references, developing our own products in terms of controllers and as well as getting the knowledge

or the experience in all the related accessories and maintaining these pumps and systems for five years. As we go more and more of this learning curve, I think the business should increase.

Unidentified Analyst: And sir, my second question is, will it be possible to quantify this locomotive opportunity in numbers?

Rajeev Jain: At present, I will not be able to do that. It's something which is under finalization and discussion. So at present, I will not be able to do that.

Unidentified Analyst: Okay, thank you, sir, and all the best.

Rajeev Jain: Thank you. Thank you very much.

Moderator: Hi, Sanjay. Please go ahead with your question. Sanjay Kumar?

Sanjay Kumar: Yes, sir. Thank you. First on the reciprocating pumps. I missed it. So what was the application for this pump, sir? Is it the sucker rod pumps used in oil and gas?

Rajeev Jain: Yes, sir. It is for a PUC in oil and gas. And we highlight it because in our history, in total KSB, that is the first order for a reciprocating pump. Though it is not our core area. But due to the acquisition of BPCL, what is good is that the customers have faith and confidence in us that we could be a reliable partner in terms of quality and delivery. And hence, we got this order of INR70 million for the first order as a replacement. And this should set a good precedence for us in the replacement market in the oil business.

Sanjay Kumar: Is this the sucker rod pump, sir?

Rajeev Jain: I'm not so sure. I think it's the mud pump, which is there.

Sanjay Kumar: Okay. And any plans to export this pump globally since the parent doesn't have this tech, because this market is huge globally?

Rajeev Jain: True. I feel that I am not mentioning it because I think, as I said, this is the first time we are making it. We need to get the competence inside the company. We are also, as I said, making it also a prototype for the nuclear NPCIL so that we go through that process and qualify ourselves.

And once we gain that experience in both oil and gas and nuclear, I think the opportunities globally will be there. You are very right. But I think first we need to establish ourselves in the local market.

Sanjay Kumar: Got it, sir. Second on valves, carbon capture, FGB, green hydrogen, all of these need a lot of valves is what I was told. Any plans to increase valves capacity? I was also told that the Coimbatore plant has restriction in terms of expansion physically. Any plans do we have for the valves business?

Rajeev Jain: Yes, I think you're right. We are presently at the limit of our capacity in Coimbatore for valves. We are looking at options. My request is kindly mute your mic so that...

So Coimbatore, we are looking at options for increasing the capacity in-house by adding very multi -- we call that 5-axle machines, so multi-operation machines to increase the capacity. We are looking at the possibility of looking at a new site. We are looking at outsourcing. So all these options are on the table. Our team is working on this to see how we can further grow the valve business, which is one of our very important segments.

Last year, we ended almost very near to INR400 crores in that turnover. So the market is big. Our market, as you know, is much bigger than the pump market. We are there in a trade movement chain [ph] [00:54:01]. What we have also added is the traded valve segment, which is butterfly valves and valve valve. So with our traded basket, the turnover is growing. But yes, there is a restriction of space capacity and we are addressing that in our present ongoing discussions.

So we will take some measures in the coming months to ensure that we enhance the capacity for future growth.

Moderator: Hi, Sagar. Please go ahead with the question. Sagar?

Sagar: Yeah, hi. Am I audible?

Rajeev Jain: Yes, yes. We can hear you.

Sagar: Yeah. Hi, sir. Thank you for taking my question. So firstly, on this locomotive order, just, if you heard it correctly there is 1,000 units that is supposed, 1,000 units of pumps that we would like to -- or we would be supplying to Siemens over a period of 5 to 10 years. Is that the right number?

Rajeev Jain: It could be more also. Couple of...

Sagar: Couple of thousands. Okay, but you are not able to quantify the amount as of now.

Rajeev Jain: Yeah, right now we cannot quantify the amount. It is just an estimate. And it all depends on how the things progress. These are long-term businesses, long-term contracts. It involves a lot of qualification, meeting the requirements. So all that is in process.

And once everything is finished, and it depends on the progress of the business, Siemens also makes the progress in manufacturing.

Sagar: Understood. And on the green hydrogen part, if you can give us some color that in one of your presentation slide, we had mentioned that we are supplying some pumps for green hydrogen globally, I think. So when this opportunity arises in India, what can be the opportunity for us?

And is there, is this like a different kind of concept which is required within the green hydrogen space? And if yes, then do we have the capabilities or skill set? If you can give us some color, it will be really helpful.

Rajeev Jain: Yes, as a pump manufacturer, KSB Group or KSB Germany, I think is leading in this green hydrogen business with the volume that they are doing today. And this is one of their focus segments, of course, in Europe. And their experience and their supplies to major suppliers of electrolyzer manufacturers and the big companies helps us as well.

And we have also done some few million Indian rupees of business here. The products are similar, almost similar to what we have in our range. There is one specific product of magnetic drive pump, which is used for the electrolyzer and that we have localized. But I think some variants of it like the block version and all, we need to localize it. So all the know-how is available, I would say, in our parent company and that is we localize it step by step.

And as and when this business starts coming in or established in India, which is already happening, I think not only green hydrogen also and wind energy, but these pumps already we have in our local portfolio. So with the good references of our parent company, with local manufacturing and with our network, I think this segment will be quite substantial in the next 10 years. If we start with next year, '25, '26, I think the world will be much better.

- Sagar:** Yeah, understood. So let's say India has about 5 to 6 million tons of green hydrogen target over the next 3, 4 years. What is the size of opportunity from pumps angle that can come in?
- Rajeev Jain:** Again, very difficult to give or put a figure behind it because there are a number of variants. It depends on the progress, depends on all these business, a lot of it depends on the overseas references, recommendations. So it would be too early to put a number behind it.
- But as I mentioned, that we have the product basket. We have a good backup and this steadily will grow. It will not be a very big number in '25,'26, but something which is a beginning and in the future years will be more substantial. So I wouldn't be right if I put a figure behind it.
- Sagar:** Understood. But fair to say that we would be like -- would have the first mover advantage in green hydrogen space because we have the parents' capability and know-how with us versus our competitors.
- Rajeev Jain:** I would say that. I would say that it is a big advantage and how we leverage that locally is very important. It will be [inaudible] [00:59:44] separate and all.
- Sagar:** Perfect. Thank you so much, sir.
- Moderator:** Thank you. This is the last question we'll take. This is from Nikhil Abhyankar. Please go ahead.
- Nikhil Abhyankar:** Thank you sir. Am I audible?
- Rajeev Jain:** Yes.
- Nikhil Abhyankar:** Sir, my first question is regarding, can you give us a ballpark breakup for the revenues that we have booked from nuclear power and oil and gas segment?
- Rajeev Jain:** For nuclear power, we mentioned last year we did not book anything. Therefore, we are only planning in this year the major ones. The nuclear aftermarket are smaller, but the major ones are the pumps.
- Mahesh Bhawe:** Yeah, thank you. Go ahead.
- Nikhil Abhyankar:** Yeah. And, sir, the revenue growth that we have seen over the past couple of years has been very strong. So should we expect the similar growth rate to continue at least for the next year?

Rajeev Jain: Yes, our enablers [ph] [01:01:09] and our audit book position is quite healthy, and we are looking for a continuous growth similar to what we have done in the past two years in the coming years as well. Of course, having said that, it would also depend a lot on the market this year, being especially election year.

But apart from that, I think all the new initiatives which we have taken in solar, mechanical seal, SupremeServe business, BPCL acquisition, those will continue to help us for this growth in the future. Project business is something which is a bit of a concern, especially as I mentioned, for oil and gas and energy. But we are trying to compensate that with our export business.

So all-in-all, I would say we are looking forward for a continuous similar growth momentum as we have had for this year.

Moderator: With this, I think we have come to the end of the session. I would like to thank the management for giving us an opportunity to host. And thank you, everybody, for joining in.

Unidentified Analyst: Sir, will this recording be shared?

Moderator: Yes, it will be. Yes, it will be. Thank you.

Unidentified Analyst: Thank you. And the concall, the transcripts of the call?

Moderator: Yes. Yes. Yes. All will be uploaded. Thank you. That's it. Thank you, sir. Thank you.

Rajeev Jain: Thank you.