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## KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

SEC/ F: 24

August 09, 2024

### **BSE Limited**

Corporate Relationship Department,  
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Dalal Street, Mumbai – 400 001.

**(BSE Scrip Code – 500241)**

### **National Stock Exchange of India Ltd.**

5<sup>th</sup> Floor, Exchange Plaza,  
Bandra (East)  
Mumbai – 400 051.

**(NSE Symbol - KIRLOSBROS)**

Dear Sir/Madam,

**Sub: Transcript of Conference Call with Analysts / Investors on Unaudited Financial Results for the Quarter ended on June 30, 2024**

**Ref: Regulation 30 & 46 read with Clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This is in continuation of our letter dated July 29, 2024 giving intimation of the subject mentioned conference call and subsequently furnishing the web link for accessing the Audio recording of the said conference call vide our letter dated August 05, 2024.

In terms of the subject referred regulations please find attached the transcript of the Conference Call held on August 05, 2024 with Analysts / Investors on Unaudited Financial Results of the Company for the Quarter ended on June 30, 2024.

Please note that the said transcript has also been uploaded on the website of the Company ([www.kirloskarpumps.com](http://www.kirloskarpumps.com)) which can be accessed at the following link:

Link: <https://www.kirloskarpumps.com/investors/analyst-meeting-transcript/>

This is for your information and records.

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

Devang Trivedi  
**Company Secretary**

Encl.: As above.



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“Kirloskar Brothers Limited  
Q1 FY '25 Earnings Conference Call”

August 05, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 5<sup>th</sup> August 2024 will prevail.



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**MANAGEMENT:** **MR. SANJAY KIRLOSKAR – CHAIRMAN AND  
MANAGING DIRECTOR –KIRLOSKAR BROTHERS  
LIMITED  
MR. ALOK KIRLOSKAR –MANAGING DIRECTOR –  
KIRLOSKAR BROTHERS INTERNATIONAL B.V.  
MS. RAMA KIRLOSKAR – JOINT MANAGING DIRECTOR  
- KIRLOSKAR BROTHERS LIMITED AND MANAGING  
DIRECTOR OF KIRLOSKAR EBARA PUMPS LIMITED  
MR. RAVISH MITTAL – CHIEF FINANCIAL OFFICER –  
KIRLOSKAR BROTHERS LIMITED  
STRATEGIC GROWTH ADVISORS – INVESTOR  
RELATIONS ADVISORS – KIRLOSKAR BROTHERS  
LIMITED**



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*Kirloskar Brothers Limited*  
*August 05, 2024*

**Moderator:**

Ladies and gentlemen, good day, and welcome to Kirloskar Brothers Limited Q1 FY'25 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need an assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjay Kirloskar, Chairman and Managing Director from Kirloskar Brothers Limited. Thank you, and over to you, sir.

**Sanjay Kirloskar:**

Thank you. Good afternoon, everyone. On behalf of Kirloskar Brothers Limited, I extend a very warm welcome to everyone who is joining us on our call today. I hope you've had an opportunity to go through the financial results and the investor presentation which have been uploaded on the stock exchanges and the company's website.

On this call with me, I have Mr. Alok Kirloskar, Managing Director, Kirloskar Brothers International B.V.; Ms. Rama Kirloskar, Joint Manager Director KBL and MD Kirloskar Ebara Pumps Limited and Mr. Ravish Mittal, our CFO as well as Strategic Growth Advisors our Investor Relations advisers.

Let me begin my remarks by giving some business highlights. The KBL Board has approved the sale of the company's entire stake in the Kolhapur Steel Limited, the nonmaterial wholly owned subsidiary to Karad Projects and Motors Limited. This sale aims to attain a more straightforward corporate structure, enhance operational and managerial efficiency, leverage combined assets for a more robust and sustainable business and realize cost savings while efficiently utilizing valuable resources.

We have started financial year 2025 on a positive note. On a consolidated basis, Q1 of FY25 has shown growth in revenue and profitability. We achieved revenue of INR1,031 crores, showcasing a growth of 15% compared to the same quarter in the previous year. This increase underscores the strong demand for our products and services across various segments. Our EBITDA for this quarter grew by 10% on a year-on-year basis to INR127 crores.

Let me now begin with an overview of our domestic business performance including standalone and other domestic subsidiaries. For the first quarter of Fiscal year '25, we've achieved year-on-year growth of 18% reaching a total revenue of INR687 crores. This strong growth is primarily driven by sustained demand for our made-to-order and engineered-to-order products.

In addition, there has been an increase in made-to-stock orders which has further supported our overall growth trajectory. Additionally, we've benefited from a decline in raw material prices which led to gross profit margin expansion. Our robust order book and strategic focus on business prospects have positioned us well for the future. We maintain our growth guidance of



achieving double-digit revenue growth in Fiscal year '25 compared to Fiscal year '24 within our domestic business.

As of June '24, the value of our standalone pending orders stands at INR1,956 crores, indicating a healthy pipeline. And again I'd like to remind everyone on the call that the made-to-stock business does not have any order board. Furthermore, we are witnessing a sequential uptick in key segments including Marine & Defense, Building & Construction and the Industry segment.

On the international business for the quarter we reported a growth of 9%. Our key subsidiary SPP Pumps U.K. experienced a decline in growth due to delays in order execution caused by supply chain issues. These orders are expected to be fulfilled in the coming quarters. Meanwhile, Kirloskar Brothers Thailand Limited sales improved with the execution of a large order for concrete volute pumps worth THB150 million which had been delayed in the previous quarter.

SPP U.S.A. reported a revenue growth of 14% on a year-on-year basis with a keen focus on our business prospects supported by our robust order book we are optimistic regarding our future growth prospects. Our overseas pending order book stood at INR1,031 crores. With this, let me invite Mr. Ravish Mittal, our CFO to discuss the financials.

**Ravish Mittal:**

Thank you, sir for the warm welcome. Good afternoon, everyone. Let me start sharing the consolidated financial performance highlights. So on a revenue front, net operations from revenue for Q1FY'25 grew by 15% year-on-year basis to INR1,031 crores. On an EBITDA front, our EBITDA for Q1 FY '25 grew by 10% on a year-on-year growth of 10% to INR127 crores. Our EBITDA margin stood at 12.3% for Q1FY25. During the quarter, we observed an increase in our other expenses.

Primarily, these are attributable to our investment in the technologies and system automation for the growth in the future. These investments are aimed at enhancing our operating efficiency and supporting our long-term growth objectives. Additionally, there is some uptick in our employee expenses which has been largely due to annual salary increments and associated provisioning for the retirements.

Our profit after tax front, our PAT for Q1FY25 grew by 3% on a year-on-year basis to INR66 crores. This is the performance of our consolidated financial results. That is from our side. We can now begin our question-and-answer session. Thank you so much.

**Moderator:**

Thank you. We will now begin the question and answer session. The first question is from the line of Chinmay Kabra from Emkay Global Financial Services. Please go ahead.

**Chinmay Kabra:**

I just wanted to gain an understanding about the other income. It has grown exponentially by 178% on a Y-o-Y basis. So is there any one-off maybe reversal of provision or what is the nature of other income? That is what I just wanted to know?

**Ravish Mittal:**

This is mainly our income from investments. As you can see from our cash flow that investments have grown over the quarter as well as last year. So this is mainly the interest income and investments from mutual funds.



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- Chinmay Kabra:** Understood. And other than that, I just had one another query I'm sorry if I missed it. But the profit from the associates has been negative INR51 million this time. So could you please just let me know which specific subsidiary or I mean basically which company does it involve to?
- Rama Kirloskar:** Yes, this is Rama Kirloskar here. That essentially is from Kirloskar Ebara. They had a huge INR100 crores order that did not go out. It will go out in the next few months. So that should be taken care of. I hope that answers your question.
- Chinmay Kabra:** Yes. So just regarding the order, is there any reversal of income that is taking place because of which there's a negative flow into the financials?
- Rama Kirloskar:** Can you repeat your question, please?
- Chinmay Kabra:** So what I'm just trying to understand is, it's because of the INR100 crores order that was previously booked in the books of the subsidiary? Or this a reversal of profit or the nature of the...
- Rama Kirloskar:** No, no, it's not a reverse profit. The order was not dispatched. It is delayed into the next month.
- Sanjay Kirloskar:** The execution of the order was delayed for the next quarter. We were unable to dispatch it within the time period.
- Chinmay Kabra:** Understood sir. At present date, we can probably assume that this has been dispatched and will reflect in Q2 FY '25, right?
- Rama Kirloskar:** Yes, exactly.
- Chinmay Kabra:** Thank you. Those are my questions.
- Moderator:** Thank you. The next question is from the line of Renjith Sivaram from Mahindra Manulife Mutual Fund. Please go ahead.
- Renjith Sivaram:** Sir, just wanted to understand this other expenditure that has increased, is that something that is pertaining to this quarter? Or will this be something which will continue to recur so that we should be pursuing that the other expense for the whole year also will be higher compared to last year because of these are some systemic changes which we are doing?
- Ravish Mittal:** So essentially, since you asked about other expenses, see we are actually spending money into technological upgradation and a lot of new programs in terms of automation of a lot of projects. So these are the expenditure, which are one time, and these are going to benefit us in future quarters.
- Renjith Sivaram:** Yes, so can you just elaborate on the technological investments and like what are these so that will help us in understanding that?
- Rama Kirloskar:** So we are moving towards specific IT projects that are going to help in efficiency improvements and operational improvements. So those will be onetime costs, which we are incurring this year.



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- Renjith Sivaram:** Okay. And the second question from my side will be like what is the outlook regarding the overseas businesses? Like how do you see...
- Rama Kirloskar:** Sorry, we can't hear you.
- Renjith Sivaram:** What's your outlook regarding the overseas business?
- Rama Kirloskar:** Outlook for overseas business.
- Alok Kirloskar:** I think that generally the order book position is still quite strong, as you can see. And year-to-date we've had a little bit of delay on many jobs as has been outlined in the presentation. We believe the outlook still remains quite strong.
- Renjith Sivaram:** Okay. I will joint for further questions. Thanks so much.
- Moderator:** Thank you. The next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.
- Pratik Kothari:** Sir, my first question I mean historically we've managed to always grow our bottom line much faster than our top line, I mean, given the historical investments, etc that we have done. So one comment on anything that has changed or any dues which had to be expected as already done, especially I'm asking from the international subsidiary point of view?
- Alok Kirloskar:** Can you repeat the question because I could not understand what you said?
- Pratik Kothari:** Sorry. My question was historically, we have always grown our bottom line much faster than our top line. I mean our operating leverage, etc which used to play out which we have not seen this quarter. So some comments on, should we expect the same going forward? And especially in international subsidiary, I mean, while we have grown our top line, but our EBITDA has stayed flat?
- Alok Kirloskar:** Yes. I think a lot of that is because many large projects have not moved out as planned. So that has impacted the numbers because a lot of the costs, obviously, were already absorbed on those jobs. So as they go out, the situation should change. That said, I'd like to also say that even though large jobs have not gone out, I think like you mentioned earlier, we've tried to build the foundation in a way that has allowed consistent returns through various other kinds of daily businesses.
- Pratik Kothari:** Sir, regarding the supply chain, I mean, we saw this beginning in Ebara, also in SPP U.K. for the last 2, 3 quarters, there has been some delay. Is it specific to some kind of orders, is it something on our side? Is it something from customers? If you can highlight what is causing this delay?
- Alok Kirloskar:** It's to do with an American engine supplier. And it's mainly them. And that, as you would know, what we're selling are large offshore packages, quite a few of them, in fact. And they are almost 13 or 14 large 60-liter engines, which is 60,000 CC engines, 13 of them, which are delayed, and it's causing a huge problem for us.



And they also had some issues with how they had built them, so they went back and forth. So really, it's these that have caused a problem to us. But slowly, they have arrived at the facility in the U.K. And now they're in the manufacturing process for the rest of the items, which are our pumps, basically that will be assembled along with them.

**Rama Kirloskar:** As far as the Kirloskar Ebara is concerned, I think as said earlier that in the oil and gas segment, particularly in the domestic market, the demand has increased substantially, but the vendor base available in terms of bought-out components such as mechanical seals, flame-proof motors, fabrication. They are very limited because we have to choose from the approved vendor list that EIL publishes in the tender. So because there are not enough vendors, we are getting to a situation where there are capacity constraints, and so there are delays in dispatch of the consignments. Because we don't get our components, our bought-out components in time.

**Pratik Kothari:** All right. Is this specific to the new products or this is across the supply chain?

**Rama Kirloskar:** Specific to the oil and gas segment in India.

**Pratik Kothari:** Okay correct. And just 1 clarification regarding I mean we use three terms something AMCs, framework and subscription. If you can clarify what is the difference between these 3 models which we have?

**Alok Kirloskar:** The framework models are where we have management of a site. So like I have mentioned, we have now almost a little over 110 sites under management outside India, which is where we manage all pumps on that site between a 3-year and a 5-year contract. So really, that is what is our framework agreement. And the framework agreement includes all kinds of services that we provide on that framework and these could be remote diagnostics. They can be updation of the products, it also in us putting the entire site where all the pumps are into a digital format like augmented reality.

And the subscription is just where we provide remote diagnostics as a service to a particular site or we provide augmented reality as a service to a particular site, but we do not have a site under management.

**Pratik Kothari:** Correct. And last question to Alok-bhai I mean just in general internationally, if you can talk about the demand trends across geography, across product segments that we are present, U.S., U.K., Thailand?

**Alok Kirloskar:** Can you repeat the question?

**Pratik Kothari:** Yes. It's regarding I mean, our international subsidiaries, if you can highlight the kind of demand trends that we see across geographies and across product segments that we are present in?

**Alok Kirloskar:** In the international geography?

**Pratik Kothari:** Yes, yes.

**Alok Kirloskar:** So I mean, at the moment, if you look at what we operate in, as I've always said, in the U.S., we operate in the municipal and fire markets in the U.K., we operate in industrial fire, oil and gas



and water markets. In the Netherlands, we operate in the midstream oil and gas, chemicals and water market. And in Southeast Asia, we operate in the water and fire markets and industrial markets.

And in South Africa, we operate in mining, industrial and fire market. So that's the basic markets we operate in. We don't operate in all markets in all countries, like I said before. And if I now start again from the U.S., the special areas where we're seeing demand in the fire and the municipal market is both around special pumps for data centers, pumps for battery production, fire pumps and fire packages in the area of battery recycling both in the context of EV vehicles.

And then we see municipal demand, which is the big packages that go for city water supplies. That's an area we're seeing demand growth in America. In Europe, we're seeing growth mainly around our water business, both in the Netherlands, the Benelux region as well as in the U.K., where there are a lot of resilient schemes going on for water.

As you may have already heard, a lot of water companies have been pushed now by the government to invest, especially after the whole issue with Thames Water, where Macquarie took out large dividends and the company is in not a very good shape. So the government has really been pushing all the water companies to invest large amounts of money because they're all private companies. So we see demand there on the water products.

We also see demand on our services business because we manage the framework contracts, which is the framework contracts for most of the water companies exclusively, except Thames Water. And we manage all brands of pumps for them for service and maintenance. If we come to the Southeast Asia, we see demand again in data centers for fire. We see in warehousing for, again, fire applications.

And we see demand in the Chemicals segment at the moment. Those are the key segments where we're seeing demand. In South Africa, mainly in mining, we're seeing a pickup again in demand for pumps and in fire. Does that cover all the areas you're looking for?

**Pratik Kothari:** Yes. All the best.

**Moderator:** Thank you. The next question is from the line of Ishita Lodha from Svan Investment. Please go ahead.

**Ishita Lodha:** Congratulations on a good quarter. My question is with respect to the restructuring that has been planned for the stake sale in TKSL to KPML. Just want to get your sense on the rationale behind the same?

**Sanjay Kirloskar:** So we've looked at the complete organization structure and we felt that we should have fewer subsidiaries. So to that account we have also closed Rotaserve in Mozambique as one of the subsidiaries. And we felt that bringing together -- like I said in my opening remarks, bringing together the two Indian subsidiaries of KBL would help us realize cost savings. They're both located close to one another and would also help us improve operational as well as managerial efficiency.





I think if you have been on earlier calls, quite often we've been asked why our company has so many subsidiaries. So we are really looking at each one and trying to see how we can combine resources in order to ensure that we can work together better.

**Ishita Lodha:** All right. Thank you.

**Moderator:** Thank you. The next question is from the line of Sunil Kothari from Unique PMS. Please go ahead.

**Sunil Kothari:** Congratulations sir to you and your team, Rama and Alok for really a very good transformation of the organization during last 3, 4, 5 years' effort and moving towards really respectable profitability. Sir, my question is mainly regarding all of you 3 would -- what will be your focus area for next year or 2 where we internally want to say, like Rama talked about supply chain, some issues locally, international also there are some issues. We have -- we are increasing our IT investment, our automation and all these things. So which are the areas we want to strengthen over a year or 2, if you can talk will be really helpful?

**Rama Kirloskar:** So I think the two areas that I would look at would be enhancing our operational efficiency, which I've mentioned many times earlier, through digitization, through automation and really enhancing our productivity and as well as our market penetration. So we are continuously working on enhancing our footprint in the market.

**Alok Kirloskar:** The point I'll add is that the objectives are similar whether in India or overseas. I mean we look for better penetration and operational efficiencies, and also investing in our key areas, which give us regular business. And these could be on the product side, something like AP-OEMs or they could be something like services, which ensure that we get predictable and visibility on business from a year to year and multiyear perspective because that's really what will help us going forward.

**Sanjay Kirloskar:** And I think what we've been able to show over the last quarter or more is our initiative for artificial intelligence, AR, VR, which is really moving the company into a very different orbit as regards service to our customers. So that's the other one that we are doing. I think you might have also read in the annual report, which was sent a few days ago that KBL is actually making products which have efficiencies, which are better than many companies in the world.

We were probably the first one to achieve European minimum efficiency index norms. I believe we are the only ones in the world at the moment who put that number on our nameplate, the pump nameplate that they can test it and they can check it out that we meet the latest European efficiency norms.

And this is we did something with LLC pumps a few years ago, lowest lifecycle cost pumps a few years ago. So we're trying to see how our product efficiencies are amongst the best in the world so that the market recognizes us as a company, which provides technologically superior products. I was actually very happy to read in the newspaper that one of our German competitors had decided to now upgrade their series.



We've introduced our series almost a year ago. Now they are going to look at and spending a lot of money. And it's in the news to bring it up to the standards that we have already achieved. So these are the three things that we are doing, improvement of products, product efficiencies, the process industries within the company, whatever be the process, looking at sustainability and ensuring that we have a far greater reach in the market.

**Sunil Kothari:**

Great sir. Thank you and wish you good luck. Thank you very much.

**Moderator:**

Thank you. The next question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.

**Mahesh Bendre:**

Sir, any plans of entering into solar pumps?

**Rama Kirloskar:**

We already supply solar pumps. But like we've mentioned many times, we actually supply them through system integrators because that ensures that we get our money on time.

**Mahesh Bendre:**

Because the opportunity seems to be very high, I mean, given the number of installations government is talking about. So do you think significant growth from us?

**Rama Kirloskar:**

We would not want that sort of growth at the cost of not being paid. I mean I think we've already burnt our fingers once with our EPC business, and we don't want to be in that sort of a situation here.

**Mahesh Bendre:**

Sure. And ma'am, there is a lot more talk about the nuclear power plants. So pump is very important equipment goes into that. So how do you see that opportunity unfolding for us?

**Sanjay Kirloskar:**

I think the nuclear opportunity is something that our company has been looking at for a long time and also participating in. We -- I was very happy when -- I think I mentioned this last time also, that our Prime Minister visited Kalpakkam, to see the progress on the fast breeder reactor. Our primary and secondary heat transport pumps are running over there and I am looking forward to that plant being commissioned. I believe that going forward, they will require such - - a few of them, not too many, but a few of them in the future to breed fuel.

As far as the fleet order is concerned, we have started getting orders for pumps that are required. We are also developing quite a few new pumps for the fleet order. And we believe that we will be able to participate in a big way in that program as well. There are -- I think, in the budget speech, our Finance Minister did mention that government was very keen to have greater power generated through nuclear power plants and whether it is the 220-megawatt or 500-megawatt or 700-megawatt units, I think for all of them, we have products in the primary and secondary circuits, for which we should be getting orders.

**Mahesh Bendre:**

Sure. Thank you so much sir.

**Moderator:**

Thank you. The next question is from the line of Saurabh Mehta from East Lane Capital. Please go ahead.

**Saurabh Mehta:**

Thanks for the opportunity. I had a few questions on the standalone business. So sir to start with we've done very well in the standalone revenue growth has been very strong. So just wanted to



understand which areas or which segments have done really well. And do we continue to see strong inquiries from there?

The second question was on the thermal power opportunity. You've explained the nuclear power, but thermal power also government's basically targeting 80 gigawatt so -- and BHEL is getting most of the orders. So do they do in-house everything or that could be an opportunity for us. And the third question is on the river linking and the flood control investments, the opportunity from there?

**Sanjay Kirloskar:** Yes. So we normally do not give breakups of sector-wise performances or -- other than I think we give you the order board, but I can say that in all sectors, we are seeing a great amount of positivity. And as far as thermal power is concerned, we've already received orders for some projects. I think Mr. Adani's projects, we have received orders from, from the other projects also, BHEL does make pumps. They don't make all the pump. And we expect that like earlier, in earlier years, obviously, it will be through a tendering process that we believe that we should be in a good place to get orders for various types of pumps in the new thermal power plants that are coming up.

**Saurabh Mehta:** Sir, also on the river linking and the flood control, that also, I think, is a good opportunity for us. So is there anything or is it still quite far away in terms of orders for us?

**Sanjay Kirloskar:** For flood control, actually, we've just delivered our second concrete volute pump system in Bangkok. But yes, whether it's irrigation or flood control, we do get orders from time to time. And we have delivered a very large number of pumps for irrigation schemes in this quarter as well as in the last -- I mean in the last quarter that we are discussing as well as in the last year.

**Saurabh Mehta:** Got it. Sir, now can we discuss the service business offerings which we have? And also, if we can explain, for example, if there is a municipal corporation order, INR100 order, what could be a sustainable service component of it, which we can like get out of it on a sustainable basis?

**Alok Kirloskar:** At the moment, I think most of our -- if you're asking like a maintenance -- are you asking about maintenance and long-term service...?

**Saurabh Mehta:** Yes, service and maintenance for the domestic market, yes.

**Rama Kirloskar:** Are you talking about framework contracts or usual service business?

**Saurabh Mehta:** No, usual service.

**Sanjay Kirloskar:** In the domestic market?

**Saurabh Mehta:** Yes.

**Sanjay Kirloskar:** I don't -- where we had done projects earlier over there, I think we have a few service contracts. But otherwise, the municipalities usually have some local service providers. And they buy the spare parts from us. So the spares is sustainable, but it is done through local service providers.



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**Saurabh Mehta:** Got it. Sir, this Kolhapur Steel, this company continues to report some small losses. So I think earlier, they used to be focusing on power sector, but we had diversified more sectors to get more business and so what's our outlook on this subsidiary?

**Sanjay Kirloskar:** We are quite bullish about Kolhapur Steel in light of the fact that the power sector is looking up again. And whether it's thermal or nuclear or things that require large pumps in low-carbon steels or any other exotic materials, that's where Kolhapur Steel steps in. So we just felt that we would be able to grow this business going forward with the way things are looking up.

I think Prime Minister has declared 2047 as the year of Viksit Bharat. And I think there was -- there have been a lot of discussions on how much power generation capacity would be required. And if we are currently at 450 gigawatts of generation capacity, I think the number that people have generally accepted for 2047 is 1,000 gigawatts.

When you look at the fact that quite a large amount of that is going to be coming through renewables but there's still going to be a need for baseload power generation. Both nuclear as well as thermal power plant will play a large part. Maybe nuclear will play a bigger part going forward. So these castings are required, steel castings are going to be required. And we, therefore, feel that Kolhapur Steel has a good future.

**Saurabh Mehta:** Got it. So sooner or later, these losses should stop, and we should have good opportunity?

**Sanjay Kirloskar:** Yes. I think it will start sooner than later.

**Saurabh Mehta:** Got it. Sir, last question is, we've spoken about this some onetime investments in technology. If that amount can be quantified, that will be very helpful.

**Ravish Mittal:** There are various projects which we are working on. We cannot specify a particular amount. Various digitization projects are on. And technological upgradation projects are on. Essentially, the IT projects, which helps building up relationships with our supply chain partners also. So various projects, which is going to help us to sustain the volume in future and take the operational advantages in future.

**Saurabh Mehta:** So should we assume this INR150 crores kind of number which we've seen in this quarter, this should go on this year?

**Ravish Mittal:** Sorry?

**Saurabh Mehta:** This INR150 crores, which we've spent in this quarter in other expenses. This is a number which will basically -- this will continue. There's no one-off in it, which was much higher this quarter versus the -- because last year, it was only INR118 crores. So...

**Ravish Mittal:** Yes, but some of it is onetime cost. So it may not be that it may recur continuously. These are some of the projects, which was like onetime which we have started on, but there is definitely some recurring cost on the licenses and other things will continue.

**Saurabh Mehta:** Sure. That's it from my side. Thank you so much.



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August 05, 2024*

- Moderator:** Thank you. The next question is from the line of Harshil Shethia from Renaissance Investment. Please go ahead.
- Harshil Shethia:** What kind of opportunity do you see in the nuclear power industry? So -- and it's a INR100 crores spend in a power plant for nuclear, what would be the quantum of orders that Kirloskar as a company would get?
- Sanjay Kirloskar:** What percentage of orders we get would depend on our products and our services. But if you ask me pumps, we normally say that any project, pumps would be 1% to 2% of the total value. So if you're saying INR100 crores is going to be spent on nuclear power plant, possibly between maybe around INR2 crores would be spent on pumps.
- Harshil Shethia:** Okay. And do we have the technology in place for nuclear power? And are we well equipped to service these orders?
- Sanjay Kirloskar:** So yes, we are very well placed to service orders for pressurized heavy water reactors, light water reactors as well as fast breeder reactor.
- Harshil Shethia:** Okay. And any product gaps that needs to be filled? Are you working on that or...?
- Sanjay Kirloskar:** Whenever the size changes, then there is a product gap. So we have to make that product for that new size. So -- but with the references that we have, I believe that our new products of a different size would be accepted.
- Harshil Shethia:** Okay. And India as well is planning for many smaller reactors compared to a large one. So what kind of opportunity size do you expect in the next 10 to 15 years?
- Sanjay Kirloskar:** Like I said, say, if tomorrow, 20% is baseload power generation. And somehow the world decides that they are not going to allow any more coal-fired power plants, whether it's coal or lignite or whatever or fossil fuel. And that entire amount is to go to nuclear, then you would say that 200 gigawatts of nuclear power plants generation capacity is required. And if that is the number, then we have to move up from the present 8 gigawatts to 200 gigawatts.
- Moderator:** Mr. Shethia does that answer your question?
- Harshil Shethia:** Yes.
- Moderator:** Do you have any further questions?
- Harshil Shethia:** No.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of our question-and-answer session. I would now like to hand the conference over to Ms. Rama Kirloskar for closing comments.
- Rama Kirloskar:** I'd like to emphasize that we will continue to take a comprehensive approach to value creation aiming to strengthen our market position and boosting profitability for our stakeholders. With the groundwork for our transformation already laid, we are enhancing our competitiveness and



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achieving sustainable growth as we're moving forward. Thank you for your support and for joining the call. If you have any questions, please reach out to us or our Investor Relations partner, Strategic Growth Advisors. Thank you.

**Moderator:**

Thank you. On behalf of Kirloskar Brothers Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.