

Date: 10th November, 2023

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Mumbai 400 051
NSE Symbol: KSB

Subject: Transcript for the Institutional Investors' Meet

Dear Sirs/Madam,

In continuation to our intimation dated 2nd November, 2023 and 8th November, 2023 enclosing herewith the Transcript of the Institutional Investors' Meet held and participated on 8th November, 2023.

Updated link for the audio/video recording of the meeting is:
<https://youtu.be/PpVQz8pweUc>

Subsequently the same will be available at www.ksbindia.co.in

Kindly take the same on your records.

Yours faithfully,
For **KSB LIMITED**

Shraddha Kavathekar
Company Secretary

MANAGEMENT: Rajeev Jain - Managing Director
Mahesh Bhavne - Chief Financial Officer
Shraddha Kavathekar - Company Secretary
Nitin Patil - Vice President of Operations and Nuclear Head

Presentation

Shraddha Kavathekar: Good morning all, I Shraddha, Company Secretary, welcome you all at our Shirwal plant, KSB Limited. So, this is for us is also a good and unique experience. We are going to host a hybrid event for the first time with the help of ICICI team. So, I will hand over the mic to ICICI who is hosting the event for today.

Ashwani Sharma: Yeah, I'm audible. Yeah. Thank you very much. And my name is Ashwani Sharma. And thank you very much for giving us the opportunity again. I think this is the fourth time in the last 18 months that we are hosting Investor Meeting for KSB and we really appreciate the efforts that management is putting up. It's again, just to give you a small background on KSB, so KSB is a German [indiscernible] [00:01:07], it's one of the leading company in India in which has a presence in the pumps and valves division, they are catering to very, very varied group of industries like oil and gas, power, paper, then many general industries.

We have a senior management and with a great pleasure, we welcome the senior management starting with Mr. Rajeev Jain, who's the Managing Director, Mr. Mahesh Bhavne, Chief Financial Officer, and we have a new guest this time, Mr. Nitin Patil, VP Operations and Nuclear Head. So, we invite you on the dais to give the small presentation and after that we'll open the floor for Q&A. Over to you.

Nitin Patil: Thank you. Thank you for providing this opportunity. Warm welcome from the plant Shirwal, that is energy pumps division to all the investors and industrial community. Welcome to one of the best plant worldwide for pump industry especially in engineered pump business. I'm sure during the second half you will enjoy the tour to the plant and see the state-of-the-art factory and best-in-class machinery which we have here which I'm proud to say that it is one of the best worldwide in any pump industry.

So I will take you through some salient features of this plant. So this plant we started in 2017, we call it as energy pumps division because it mainly caters to pumps from energy that is conventional as well as

nuclear and oil and gas which all combine together, constitutes the energy portfolio for KSB.

Some of the salient features which I will take you through is some salient features of this facility, some success stories, some major orders which we have delivered from this plant and sustainability at EPD because it is our business philosophy that the business what we do is a responsible business from sustaining the environment and the resources.

So I will take you through that and some CSR activities which we are doing in and around this plant because it is our philosophy that we have to give back to society because we are using the resources locally here. This plant as I said was established in 2017 with an area of 100,000 square meters which is the total area and built up area is approximately 30,000 square meters. As I said this is best-in-class state-of-the-art factory. We recently also got IGBC Green Factory platinum rating for this plant as well as our new office. So we are proud that it is not easy for a manufacturing facility to get a platinum rating. Since we had from inception, from design incorporated the elements which are required for such a rating, we could get this.

The shop floor here you will also experience during your plant walkthrough is equipped with the evaporative cooling system, air system where it is far more comfortable for the workmen to work because in peak summers the temperature here go above 45. So there is a difference of seven, eight degrees between the shop floor and outside temperature. So that gives a very comfort feeling to the workmen when they are working. We also have a rooftop solar here of 1,000 kilowatt which is maximum permissible for any manufacturing plant captive that is rooftop solar.

This plant is also equipped with a lining facility for FGD pumps which in past few years we have delivered. So this is a very specialized technique of lining the pump which our people or our employees here are able to do it. And our test bed here is a digitized test bed where all the readings are taken digitized and the customer can be shown it online as well as and we also have the mechanical seal manufacturing facility here for nuclear pumps that is reactor coolant pumps. This we have localized as part of our localization and Make in India initiative.

When you go through plants, you will also see that product wise the bays have been designed so that the workflow is lean flow with

minimum flow I think we get a maximum productivity. So from the design itself it is designed that way and all big processes or big pumps which are processed here are especially restricted in one bay so that is the movement is more efficient. I'm also proud to say that within KSB Group, we have some quality certification apart from our Standard ISO certification we have something called Made by KSB where the KSB, our headquarters people, our colleagues from headquarters audit our plants worldwide and Chinchwad plant is the third plant worldwide and first plant outside of Europe to get a three star Made by KSB Excellent certificate.

It reflects that our processes are in line with our principles as well as they are in line with the design philosophy which a product is designed with. So it instils confidence in our customers that our processes are in line with what are they designed to be. So this is one of the, I would say a landmark certification for us is the third plant after a plant in Germany and a plant in Luxembourg. We also recently inaugurated our admin or office building, we had divided our investments into phases here, so one of the last phase I would say from the original plan we completed a few days back.

So this building also is a unique shape with KSB logo if you look from the top, it is designed with that philosophy. Again as I already said it is we got the platinum rating of global excellence, the building is also designed with maximum daylight use, conserving resources, very high efficiency, lighting fittings and sensor based operation is put into the plant to conserve resources and there are lot of collaboration zones where employees can collaborate with each other.

And as far as possible natural stone wall cladding, local resources, local produce has been used in making this office. There are some glimpses of shop floor, different bays are shown and our bays are also divided product wise so during your plant visit you will be able to see that. Some glimpses of machinery which we have state-of-the-art, I would say high accuracy machines which are normally required for highly engineered pumps. So like cylindrical grinding machine which we recently bought, we have 5-axis HMC, then VMC again different kinds of VMCs, VTL and CNC lathes.

Our testbed, I am proud to say that is one of the most advanced testbed in pump industry. We can do all the tests which are required for pump industry, right from performance test up to six megawatt. And the infrastructure is built in such a way that in future if the market demands, it can be increased to 10 megawatts as well. We are able to

test all kinds of pumps from I would say 5, 10 kilowatts up to 6 megawatt as of now. But whenever it comes and the requirements of market comes up, we are ready for up to 10 megawatt. And normally in general pump testing, a lot of pump, the normal tests are performance test, NPSH test which we are in any way able to do it. But we are also able to do special tests like visual cavitation test which not many pump industries have in India, hot water test and string test.

So during your shop visit, you will also be able to see the setups for some string tests where all the equipment is assembled as it is going to be assembled at site or unitized at site. So you will be able to see, we are able to do thermal shop test. Again very few companies will have that. And our testbed also is equipped with a 6 megawatt VFD. So we are able to test at whatever speed range the customer wants.

And from the voltage perspective also right from low tension LT2, HD 3.3, 6.6, 11 KV, we are able to test it here. And I think COVID has also taught us to be more productive I would say. So remote inspection also has been now introduced after COVID where the customer if they are not able to travel, especially overseas customer, they are able to see the test pump testing remotely. As I already said, the main segments which this plants caters to is nuclear power plant, thermal power plant and oil and gas industry.

The main products which we deliver from here are displayed here which is this SDA, SDB and HG ring section multi-stage pump right from medium pressure to high pressure range and then CSTC, CSTR or CSTD are barrel type that is double casing multi-stage pumps again for boiler feed as well as hydrocarbon applications and as you are already aware we also make pumps for FGD here that is [indiscernible] [00:11:19] that is KWP pump and we also do condensate extraction as well as pumps for nuclear power plant, one pump is displayed on the right side of you that is RSR.

So some success stories I would say. As you are all aware that thermal coal power plant business was not looking good but however I think KSB being flexible having lot of products in its basket would grab this opportunity and cater to this segment and this plant is able to produce the large pumps for FGD business which is required.

FGD process mainly removes sulphur dioxide from the exhaust gas stream in coal fired power plant. It is mandatory for all plants to have this. So, we are able to deliver pumps from here. Now, we are able to

completely localize these pumps here including the lining as well as all castings, forging et cetera.

Some of the new products which we recently introduced is this is actually split case multistage pump what we call API pump for BB3 application and as well as extended range in vertical pump for VS6 that is WKTR. All the major EPCs we are already approved, some sample list is here which includes Indian as well as global EPCs. We also recently received an order for safety class pumps from NPCIL, that is around ₹550 million for vertical safety class pumps which we recently received, which these pumps will be made here and the picture which you see is picture of reactor coolant pump being hydro tested.

Some of the major orders which we delivered from here in past few years is we have delivered export order for Vietnam Power Corporation that is Van Phong in Vietnam, CSPD pumps and then we also delivered eight pumps for 800 megawatt NTPC Telangana from here and also for Harduaganj in UP.

And there are many examples of other critical pumps for LPG handling boiler feed, then crude handling pipeline pumps if you see. RSD, YNK and this pump, I would proudly say that this plant we local, 100% localize this pump as part of development order and we have delivered that already to NPCIL and this some more photographs of an oil platform pumps delivered to Heera and Neelam platform and to HPCL. These are large orders which I have tried to show and some export orders as well.

As I said sustainability at KSB is at the heart of the way we do the business. So all our plants are equipped with solar power plant. So here we have one megawatt solar power plant rooftop solar which occupies approximately 15,000 square meters. We have planted more than 1,000 trees, when we took over this land for development or making the factory there were not a single tree in this area for the 100,000 square meters area we acquired or we took from MIDC, but we have planted more than approximately more than 1,000 trees here which saves around 18 to 20 CO2 reduction per year. This during the design of this plant itself, the topography was mapped and we ensured that no water from inside the plant will go out.

So all the water which is collected through rains et cetera is fed back to the earth and then we also have the biogas plant here and as I also said that since we are here and using the local resources, it is our duty

to give back something to the local society also. So we also undertake lot of CSR activities. So some of the CSR activities are shown here like donation of an ambulance, donation to schools, donation to Satara Police Public School we recently donated a bus and then some donation to an NGO for chapati making machine et cetera.

And also the nearest village which is Kesurdi we also keep working with them and check out what is their need. Like for example waste collection van was recently donated. We also renovated Zila Parishad Primary School nearby and CNC simulator lab for ITI. We are it is under construction where we feel that this the pool of talent which will be developed there it will be an easy input to us for in future whenever we need employees for our work. So that is it from my side. Thank you.

Shraddha Kavathekar: Thank you, Patil sir for overview of this plant. I now request Bhave sir to give management presentation.

Mahesh Bhave: And ICICI team for arranging this again for us and thank you all for taking all your busy time here, almost investing full day traveling from Mumbai and other places and coming here. Thank you very much and warm welcome. So, I start with cautionary statement which usually it's a mandatory statement regarding forward-looking statements from the company.

So, this presentation may contain certain forward-looking statement relating to the company's future business development and economic performance. Such statement may be subject to number of risks and uncertainties and other important factors such as but not limited to competitive pressures, legislative and regulatory requirements. Global macroeconomic and political trends, fluctuation in currency exchange rate 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 results to differ materially from the statement made in this presentation. The company assumes no obligation to update, alter forward-looking statement, whether as a result of new information, future events or otherwise.

So with this mandatory statement, as usual I will be covering the organogram of the company, KSB locations. I will be covering overview of KSB, highlights for quarter three results. We will be also

discussing about the customers, the major customers, the order intake situation, financials, major investments and ESG activities.

So we start with organogram. Mr. Jain, who is present here is a Managing Director of KSB Limited and the team if you see CFO, this is Mahesh Bhavé; and Mr. Mohan Patil, who heads HRD. We have Mr. Bhathena, who heads Sales and Marketing. We have Nitin Patil who is again present today, who heads Nuclear Operation and other three plants of pumps. Walls, it is headed by Mr. Raja, our Coimbatore factory. Quality management is headed by Mr. Philip. PMPS is headed by Mr. Seshadri. Shradha, who is again present here, our Company Secretary. Then Mr. Sunil Bapat, who heads our Standard Agricultural and Solar Business. So basically, Sinnar plant. Mr. Rajesh Kulkarni, who heads SupremeServ division. And we have Mr. Watve, who heads the Purchase Division.

We move ahead about the presence in India slide. And you can see here that we have seven manufacturing locations, four zonal offices, 14 branch offices and six service stations. We have around 200 plus authorized service centres, around 1,000 plus authorized dealers in pumps, walls, and systems. We have a Bangladesh Liaison office. And we also do business through dealers in Nepal and Bhutan. So this is the geographically coverage of the business, what we have.

Moving ahead, this is the Energy Pump Division Mr. Patil has already discussed and showed you about this plant. And you will be of course visiting this today, physically. Recently, we inaugurated our new admin building, where in the hands of our Board of Directors. The flagship plant is our IPD, which is irrigation and process division, which is in Pimpri, Pune. So some of the photographs of IPD plant from inside. SupremeServ and Central Warehouse, this is in Chinchwad. We also have a training centre, which we called as excellence centre in Chinchwad. And some of the photographs are inside, where we have a Central Warehouse to store our spare parts.

We have standard pump division that is in Sinnar, Nashik, which is mainly handling manufacturing of standard pumps. This is a real photograph and we have inside photographs of our Sinnar factory. We have captive foundry, which is in Vambori, which is again in Maharashtra. And some of the inside photographs of the foundry.

As we discussed, we have a valves factory in Coimbatore, Tamil Nadu. And these are some of inside photographs of our valves factory. We also have a valves manufacturing unit that is MIL control in

Cochin, Kerala. So some of the photographs of our MIL factory. KSB Tech, this is our associate company and this is mainly handling the engineering services and IT services. And they are catering mainly to all group companies worldwide. And this unit is in Pune City near Ruby Hall.

Again, recently in KSB Tech also, we have inaugurated new office in the same building in Pune City on 5th floor. So, photographs of those inauguration. With this, we move ahead with the overview of applications in various sector. We start with energy. So, application in energy. KSB pumps and valves ensure energy efficiency and reliability helps to achieve optimal performance and safety in power plants. If you see the products, this is high pressure multi-stage pumps, FGD pumps, GGC & ball valves. Applications are FGD, hydrocarbon services.

We also have an industrial application. So, variety of indeed in the species of life and products covers end suction pump, process pumps, non-clog pumps, high pressure multi-stage pumps, confirming API 610, GGC & ball valves. Applications are in oil and gas, paper and pulp, thermic fluid process application and hydrocarbon services. We are also into irrigation where optimized product from specialist for entire water cycle. So, the products covered are submersible pump set, Open Well Monoblock pumps, Mini Monoblock pumps, dewatering pumps, solar products, GGC & ball valves. Applications are irrigation, farm houses, drinking water, supply, etc.

We are also into wastewater where we call clean solutions and products covered are submersible non-clog pumps, horizontal non-clog end suction pumps, GGC & ball valves. Applications covers various municipal and industrial wastewater, sewage, effluent transport and treatment, stormwater, drainage, dewatering, etc.

We are also into construction sector and this is we are having in all solution which represents a sound foundation. So products covered are hydropneumatic systems, firefighting pumps listed as well as not listed, HVAC pumps, panels for primary and secondary and the applications are firefighting, HVAC, pressure boosting, water transport and drainage, and the SupremeServ.

So SupremeServ is an aftermarket business what we have which of course covers the spare part, dedicated sales management, repair and field service, modification, replacement pump that is put pin pumps. So these are the areas covered under SupremeServ division.

With this, I move ahead to highlights for quarter three. So, as already mentioned by Mr. Patil, we have backed an order ₹551 million for auxiliary pump with Nuclear Power Corporation. This is the major highlight. We also have an order acceptance of ₹278 million and as well as ₹12 million respectively for UP and Haryana. This is in the PM Kusum scheme for solar systems. Order intake is of course, there is a good growth through the E2E, that is, e-sales business module. There is a good growth in this order booking from this e-sales facility. Valves division recorded highest ever order intake, that is 3,173 million. So, these are the highlights for quarter three.

Top 10 customer, if you see the '23 list, more or less Thermax continues to be our customer in energy sector. We have a few dealers here, Patil Engineering. Mega Engineering is another leading customer in petrochemicals. We have JKV Engineering, NTPC, Rishabh is again a dealer, Rishabh Pooja, TecniMont SPA is into petrochemicals, K C Cottrell in energy sector and Hydraulic Engineering in general industry.

This is the pie chart for order intake YTD September '23 versus YTD September '22. And you can see more or less, the standard business remained at, in fact, slightly grown to 43% in '23. Engineering products, this is 24% slightly decreased. SupremeServ 14% and valves, if you see this is increased to 19%. More or less, I would say this, the mix remain more or less same for '23. Yes, export is again a good news, a good growth story. You can see the YTD 24% growth in export.

Coming to net financial position, so we are maintaining roughly around ₹207 crores position with nuclear as of September '23. You can see the revenue from operation, there is a continuous growth barring the 2020, which was a COVID year. You can see the growth in '21, 14,973. Last year we close 18,220 and September numbers you can see which are published number 16,446. It's a continuous and good growth on revenue from operations.

Similarly for profit before tax, a good growth, you can see it from 20 it is again rising from ₹154 crores to ₹197 crores, we closed at ₹240 crores last year. And September, you can see we already ₹202 crores for nine months. So, again a good growth in profits. Top investment, Shirwal admin building, which probably you will be seeing today. This is recently inaugurated as we discussed. IT upgradation, we are doing a lot of IT upgradation in the company. And the patterns,

tooling and dies, which is again related to our plants. Nuclear machine, grinding machine, which we are adding. And nuclear infrastructure for TAPP. And Mumbai office recently, we have added a new, its expansion of the existing office. We have gone for a new sales office in Mumbai.

Lot of ESG initiatives, energy management. You can see the electricity consumption, solar, which of course, covered by Mr. Patil also LPG and diesel consumption. So, 2022 versus '23 YTM, if you see the energy intensity, which is measured in MZ, public turnover, that is mutual. And you can see the improvement in the parameters. Focus areas of energy audit. So, this covers transformer, pumping systems, chillers, washing machines, air compressor, DG set, lightning system, and furnace. So a lot of work is going on into energy audits and various improvements into ESG.

Solar generation, of course, which is again, this plant, Mr. Patil covered in this slide. So you can see the KWH number, which is on the increasing trend again. CSR activities, which Mr. Patil covered for the EPD and plan, but I'm covering at the overall company level, if you see women's skill development activities where Honourable Chief Minister of Maharashtra, he was also there and felicitated our team.

We have activities like school bus donation to Satara Police Public which is covered. A lot of activities in training and engagement. You can see technical meet at ONGC Hazira, UP [00:32:07], various seminars in various forums and we also have our Indonesia, Jakarta and Thailand dealer and distributor meets and various trainings with them.

Exhibitions. So, we continue to participate in lot of exhibition. So, recently concluded RenewX Renewable Energy India Expo, which was conducted in Greater Noida and of course, Anutec Expo in Mumbai where we participated FCEI Expo in Mumbai, which happened in August '23, and we have a Bhabha Atomic Research Centre that is BARC visit at EPD. So this team visited EPD in August '23.

Again, the dealer conference continue to be, so this quarter if you see Waze Zone, we added West Zone Dealer Conference. This is again conducted in August '23. So photographs of this conference. Yeah, that's all from my side and we open the forum for question-and-answer.

Question-and-Answer Session

Unidentified Participant: First we will take the question from the room and then we will move on to the virtual questions. If anybody would like to ask a question we will pass on the mic.

Unidentified Analyst: Yeah, hi. Thanks for taking my question. Just one question from my side more on the NPCL side. Last time you mentioned that in this quarter we were supposed to deliver the first pump, which will go for testing and then it will decide the course of further deliveries as such. So if you can give some colour on that line whether the first pump has been delivered, how the test results have been, and how do we see the further delivery on the orders on NPCL side? That is one.

And second question is, in terms of overall opportunity side, both on the primary as well as auxiliary side in NPCL orders, how do you see the opportunity? What could be the total size and by when we can see these culminating into the tenders and award that? Thank you.

Rajeev Jain: Thank you. First, to clarify on the question on the pumps which were planned to be dispatched in the last quarter. The status is that we have dispatched one casing to the site, the second will be dispatched in couple of weeks. The process is that once the casing is dispatched then we have to weld the casings on the test bed there and then the motor will be delivered and the pump will have to be tested.

So we are waiting for NPCL to finish their test bed. So there is a bit of lag there and we expect that to be done only in the first quarter of next year. And the motors will also be delivered by then the first quarter and hopefully we could start, we could finish the welding of the casing by March or April, and then subsequently we will start the testing of the first pump.

So that is number one. Number two on your questions on the enquiry pipeline or the orders pipeline. For primary and secondary you saw that we already received the order for the auxiliary pumps in the primary cycle that is received for the first GHAPV project and for the turbine island pumps those will be in BHEL scope and those will be boiler feet and other auxiliary pumps for which and the condensate pumps for which we think the enquiry will be floated early next year.

It is not yet floated and then it will go through a process of nomination and selection by BHEL for the Turbine Island pumps. Per project if I say very difficult to quantify, but if I take pump-by-pump or project-

by-project it could be it could be ranging for the nuclear island it could be somewhere between ₹50 crores to ₹100 crores per project around ₹50 crores and there are 10 projects like that.

Unidentified Analyst: Yeah, hi. Can you just talk on the opportunity on the export side?

Rajeev Jain: Yeah, export has been a good development for us. We have not shown that slide, but quarter-by-quarter, we have increased our share of export business to the total order intake. We received some good orders in the oil and gas segment. This projects, as you know, that we have enhanced our range in API. I think Nitin Patil showed you in our presentation the products which we have added. So today we have a better competitive situation that we have a complete, almost complete product basket that allows us to participate. So we have received orders from some international EPCs, Technimount and others.

So the order intake today up to September stands more than ₹300 crores for the whole company. And that is a good sign if we look in year-on-year. Up to nine months, it's almost 18% of our total order rate.

Unidentified Analyst: But what is driving that. Is it just an enhancement of product range or something is, if you could just elaborate little?

Rajeev Jain: Yeah, primarily it is enhancement of product range. Secondly, the KSB Global Organization that the organization structure is such that we are more active globally in all these projects and with KSB network of KSB companies around the globe. So we sell mainly for our standard business through the KSB companies. And for the project engineered business, we mainly do it directly with customers, with the involvement of local companies. So that would be another factor. There the organizations support which we get globally helps us to participate more. Thirdly, I would say that our efforts to there is also one more, we are regularly getting approvals on the approved vendor list of major customers.

So this is a continuous effort where we can get more inquiries and more accessible market. So this is another very important aspect where we also invite customers who visit our plants and get approved them for their business. So all these activities help and of course KSB being a global organization, we have a very good access to the market through our KSB network.

Unidentified Analyst: On the standard pumps is the export via the KSB local entity, is that largely because of cost or anything else?

Rajeev Jain: No, it is the local entities do value addition that they package the pumps. So we give them the bare shaft pumps, they may put the motor and the skid and all, so that helps to be competitive and many countries are focusing on made locally. So this gives them the value addition which they need to get qualified with their customers. So they buy the bare pumps and then package.

Unidentified Analyst: And in this order intake, any breakup that you could share between the standard and the engineer that we have, that one. And secondly, for the standard pumps, is there any other group entity that we compete with when we are supplying or?

Rajeev Jain: Yeah, regarding the mix of standard and engineered, I would say it would be 50:50. This is something which I'm saying without checking the exact statistic, but it is should be around that. And yes, KSB has a global network in manufacturing network. So we have very well equipped networks or factories in China, in Brazil, in these countries. So these are the main factories outside Europe, China, Brazil and India.

So the group has assigned a territory and depending on everyone's competency in that product, so they allocate so that we have proper loading for each factory globally.

Unidentified Analyst: And exports are largely to which region?

Rajeev Jain: Our exports are mainly to Asia, South and Middle East Africa.

Unidentified Analyst: Thank you.

Rajeev Jain: Yeah, first of all, we have a defined territory rule, a global supply chain matrix, we call it. So whichever products we can export to which regions. But that is just as a guideline. There are market segment leaders who, depending on the customer choice, preference and they can and seeing the competitive situation, then they involve the KSB different factories for providing the products.

So, for example, there is a project coming from Middle East and they know who are the approved vendors on the vendor list. And if there are Indian vendors, then the global team definitely gives the inquiry to KSB India and then we participate in that bid. It is not the German

factory which participates. So, such teams are assigned in that regions who decide what is the optimum place to give the inquiry.

Yeah, as I said, basically there is a defined territory. There is a defined territory. No questions asked. We can do that without asking anybody. We can do the exports, which are depending on the product. It is not. It is based on the product. As I said, each factory has a product competence. And some products are made only in China factory. Some are made only in India. There may be overlapping products also where they define it. So there is no defined territory as such depending on the product.

For example, a lot of our products are allowed to be exported to Asia South. Asia South means Singapore, Vietnam and all those countries. And for API products where good acceptance of Indian products are there, we can export also to Middle East Africa, if I give you a very generic answer, but specifically product wise, these are defined, but these can be overruled or these can be extended based on the market segments, possibility and opportunities they see.

Yes, most of it. If I would say from a group perspective, then the maximum range is available in India. And I would say that next would be Brazil. These are the two companies who have the range, but India with the BB3 pumps now and the BB4, and VS4 and VS6, we have a comprehensive range. And as you know that we took over the BP&CL acquisition also, which gave us some missing pockets of products like BB1 also. So I would say in the group case, India has the very comprehensive complete range.

Unidentified Analyst: Your projects business as a percentage of mix went up, your margins went to 18%. Correct me if I'm wrong, but I think currently that number stands at 26% in terms of the order book, the projects business that you have. Where do you see that going by FY '26, if the cycle is turning?

Rajeev Jain: Yeah, I think you should have looked the figures in totality when you mentioned 2004-2008. The company was stagnant and those area we never, we did not grow. And we did maybe selective business in particular things. And 18% what you mentioned was only one particular year. It was not throughout the years. So your figures need to be correct in that perspective. Our focus growth in the future trend would be mainly in standard business and aftermarket business.

These are our two future strategic businesses. Project business would be in areas which would be our strength and where we could have a good margin level. Where we would be able to compete on our strengths and achieve good margin levels, I would say. So as a product mix, I would not see this project business going far ahead. It could range hover around 30% of the total portfolio, but we would focus more a lot on standard business and the SupremeServ business, which is our core and some part of valve businesses also project business. So if you count that, it would be a little bit higher, but I would say this would be the mix. NPCIL is outperforming.

Unidentified Analyst: Okay, thanks.

Unidentified Analyst: Sir regarding the export, are you also seeing any trend where there is a relocation of exports from China to your territory or the thinking of the global group who have more factors in India?

Rajeev Jain: Yeah, this is more relevant in the supply chain as we see it. Definitely we see a lot of activities in locating vendors, castings and vendor chain. And this is happening and this helps us also that if the supply chain is in India, it has to bring the new products faster in the market. So that definitely is there. On the product side, on the sales revenue side, we as I mentioned earlier, this is balanced by the groups seeing that all the loading of all the plants is done and finding an optimal solution in the sense knowing the market acceptance price level. So there I think it is more of market dynamics which decide the plant at which we can do that.

Unidentified Analyst: Could you break the export between product and the components for the supply in your space?

Rajeev Jain: Components would be a small percentage, since there is a trend globally also to increase the local content. So India offers the possibility with our foundry and local supply chain to supply components to supply SKD and as well as part assembly. So that is if you ask me at present that would be not more than 10% of our total exports. Again I make a very general figure and spare parts of course is good, it can be improved but if we talk pure of components and this would be around 10%.

Unidentified Analyst: So balance is 90% is the product of the export?

Rajeev Jain: Yeah, 90% would be product plus pairs.

Unidentified Analyst: Okay, so if I get it right the component portion would be growing faster than the product side?

Rajeev Jain: No, the product side, the component side is internal selling to KSBs. It is not growing fast because it requires a lot of competence to be built up in the local KSB companies, infrastructure to be set up, assembly, testing, approvals. So that is just started. For example, in Saudi Arabia, we are starting that. So plus the supply chain also ensures that we have the foundries in different locations and regions to insulate the risks which are there.

Unidentified Analyst: Second on the segments that you get into energy industry, irrigation, wastewater, could give some colour that in the last two to three years which have grown better and where it has been subdued and if there is any change in the outlook from here onwards?

Rajeev Jain: Yeah, it's very difficult to answer this question because we as KSB are focusing on all these segments. And I always say that has been our strength, that if one segment is going down then the other is up. So if you ask me, for example, our strength always has been general industry and due to distilleries, the investments coming in those plants, we were able to have a very healthy growth in the general industry. If we look at water, wastewater, this is also a segment which is always offering a lot of opportunities and investments. So there also we grow from a small share and we are almost going up to ₹100 crores in that business as well.

A segment which offers a good possibility for us is in the future is building segment where we mentioned that we are bringing in firefighting pump sets. We are doing the portfolio. We have the case be range of smart products, IE5 motors and the systems. So this is one segment which we are looking forward to. In water segment, I did not mention is about solar. Solar is some segment specifically for irrigation which will offer a good potential for growth.

And these are the segments of course, SupremeServ business is somewhere we are continuously focusing on to improve our share of that business in our total and valves. And the project business, energy business and the petrochemical business, this is of course very much market driven depending on the situation at that time. So there we focus based on the market situation.

Unidentified Analyst: Just one last question on the margin side. Last quarter you had mentioned that with the stabilization of the competitive places, we

could expect an improvement. Together with your comment on the standard product and SupremeServ, if you could give some understanding that next two, three years how the margins should behave?

Rajeev Jain:

Yeah, margins with the stability in the commodity prices this whole year and it continues, this gives us a good chance and possibility to keep our margins at a good level which they are at present. The challenges in the project business and this has to partly affected us in some low margin project orders but that we have compensated with our standard business and aftermarket business.

So going forward that's why I said our focus is always on standard business, our SupremeServ business and also importantly is the valve business. This year if you ask me, our valve business has been the most successful in ensuring the margins are at a very, very good level because of a lot of internal efficiency improvements and this unit in Coimbatore will continue to have those good margins in the future and if we add, if you start doing NPCIL sales next year that should also help in our good margins.

Unidentified Analyst:

Thanks for the opportunity sir. Can you speak about Vande Bharat project like what's the opportunity size, has the revenue are we deriving any revenue from Vande Bharat right now and what's the cost of one pump per I mean per cost pump if you can share those details would be very helpful.

Rajeev Jain:

Yeah, I'll not be able to share the cost of one pump that would leak out our prices but I can assure you that we are on a good way, Siemens who have got a big order for these locomotives, they have qualified us as the supplier for those pumps in these locomotives for the cooling of their traction system. And that first prototype order is being delivered with the long-term contract. And this helps that all the orders or the order which Siemens has got, we would be in a very favourable situation to supply for all those locomotives.

KSB Germany was a regular supplier to these locomotive suppliers, whether it is Alstom, Bombardier and ABB and all these customers. But the market trend moved that these pumps were being ordered in India or started getting ordered in India. And so this pump, Etaseco, we got the technology from KSB Group and we made the first prototype and we released it. And the first prototype also for Siemens is released after testing in Germany. So that gives a good confidence that for all these international players, for the global market, we have a

very good situation. Not only for the Indian market, but also for the global. The size and these things would depend, but it would be a sizable sum. It would be a sizable sum. You are aware of the investment in the locomotive segments which is happening.

So we would be in a good situation to get a handsome market share here, I would say. So I would not be able to quantify exactly, but it would be a sizable sum.

Unidentified Analyst: And any comment on the margins?

Rajeev Jain: Margins would be good because above average. Because these are standard products. And when you have a USP that the good multinationals are qualifying you in this process. So they pay for that quality as well. So I would say the margins would be fair more than our competitors.

Unidentified Analyst: And second question is a follow-up on margins. Like earlier we used to enjoy 47% of the gross margin. Currently, they are around 43%, 44% range. So can we go back to 47% your comments on that? Since you mentioned that the raw material position is now stable.

Rajeev Jain: True, true. I think our aim is to go to that levels. It is always a mix of engineered business and standard business. We can't ignore the engineered business because that becomes the aftermarket business in future years, for example, FGD. Now we have taken FGD orders at low margins because we know that if we get our installed base and footprints it may not help us in this year or next year, but in years to come, it will help us in the good margins.

So it's always a balance of these things, but what you say is achievable and is our aim to go back to those levels because that is achievable by our company with the product mix and the market coverage we have and also the export business which we have. So export business, aftermarket business, standard business are good margins, plus valve business I mentioned that it has already grown into a double-digit profitability, which for many years was hovering less than 5%. And to add it above all, if we start delivering nuclear pump sets in the future years, it is definitely possible to those.

Unidentified Analyst: And your comments on the receivables post, we supply the NPCIL order. So what time should it take for the receivables from NPCIL?

- Rajeev Jain:** Fortunately, the payment conditions within NPCIL is based on milestone payments. And so there is, otherwise, if you see the projects in oil and gas, those have long retention periods, majority of the payment is hose supply. So those are very unfavourable payment conditions compared to NPCIL. We get almost 35% to 40% before dispatch and immediately after dispatch we get the remaining. And some few 5% or something is retention. So we don't see that as a major issue. With NPCIL, they have been fair based on the progress we make. They have been fairly.
- Unidentified Analyst:** And last question. How many FGD pumps have we supplied so far?
- Rajeev Jain:** Almost 250 we have supplied. And I think we have a backlog of almost 100 more something. So now it is a bit slowed down, but it's good that we have supplied so that customers can commission it and we can start looking at the parts business.
- Unidentified Analyst:** Thanks for answering my questions.
- Unidentified Analyst:** Hi, just a question on the Siemens order. Do you have any idea what would your market share be in product we'll be catering in Siemens order for Vande Bharat? How many other vendors have they approved?
- Rajeev Jain:** I am not sure, but today as far as I know we are the only ones who have been approved, but I would not be able to 100% confirm that. We will have to check that, but it could be from a normal business perspective they will at least approve two vendors. And so our share should be good I would say.
- Unidentified Analyst:** Just to follow-up on another question. Do we have any inclination from like the parent company where they are saying, okay, India is obviously more cost competitive. Are they specifying like they want to focus more on India, asking other factories to slow down, or is it that they have to keep everyone happy in different regions?
- Rajeev Jain:** Yeah, you've answered that question. I think they have to keep everyone happy and loaded, and that's what I mentioned, because they have plants all over the globe. But having said that, I think they also look at the market opportunity. As I said, we have a market segment organization, and we can make deviations depending on a project-to-project. When I talk of project business.

But on standard business, it's clearly defined then we follow that metrics. Unless we can make a case, for example, if we want to export submersible pumps to Africa and we have to justify with the kind of price levels and the competition, and then it is open for us to export out. So these are the base, going through a proper process of assessing these.

Unidentified Analyst: Sure. And lastly, I know it's a little tricky question, but in terms of now we're in an upcycle in some sense, what could be like a peak asset terms on gross block? Peak asset turns, I know it's a little tough to, because it's a product based, but is there any like peak asset terms we could do on our gross block?

Mahesh Bhawe: Turn to the gross block.

Unidentified Analyst: Yeah.

Mahesh Bhawe: I mean to the turnover, you're saying. So if you see our net block is around, roughly around ₹350 crores. And the turnover, if you see around ₹2000 crores, so that is the ratio. It will continue because if you see the investment every year, we are planning around ₹70 crores to ₹80 crores, that is the investment plan, which will continue actually roughly ₹80 crores to ₹100 crores per annum.

Rajeev Jain: We are investing almost ₹80 crores to ₹100 crores every year. And till today I would say our return on investment ROIC is almost 20% plus as well. So that is our returns and we continue. We will continue that investments. You see that capacity enhancement is also one of our key aspects.

Unidentified Analyst: And last one, FGD, for example, what would be like our steady state like AMC kind of revenue for post after that every year?

Rajeev Jain: Yeah, it depends on how fast these plants are commissioned. But I would say pure FGD business, it would -- it can be ranging from ₹25 crores to ₹50 crores per annum. But again, this revenue may be value wise small, but the margins would be quite good in that.

Unidentified Analyst: So this is just the O&M part in some sense?

Rajeev Jain: Just the O&M.

Unidentified Analyst: Perfect. Thank you so much.

Unidentified Analyst: Hi, just a question on the standard pumps. So you mentioned that standard pumps are going to be a growth driver going ahead. So just to understand what would be the growth drivers, will it be new product that you will be launching or is it distribution, reach expansion? Any thoughts on that?

Rajeev Jain: Yeah, both of them. Expansion of our product range, bringing in smart products, more energy efficient products, completing the product basket. When I say, one is energy efficient products, self-made. One is, for example, if I say energy efficient, submersible pumps, we today, KSB is leading supplier for four star and five star ratings. And we want to continue to bring more four star and five star products in our submersible product range. So bringing in for building segment I5 motors and pump drive systems. So this will be one opportunity forward.

And then also bringing a lot of label to products where we close the product gaps. And continue to expand into new products, we mentioned that railways and other segments, LSA, food and beverage segment, navy, defence segment. So these are segments which we'll be adding products. So it's going into new segments, firefighting and all the segments bringing in new products.

And the advantage with KSB is with our dealer strength of almost 800 plus. You bring any product or you bring any, go into segment, the dealer network is already there. And it helps to expand the dealer network, because once you bring product for more segments, then you can attract more dealers, good dealers for you.

Unidentified Analyst: Got it. Just a clarification on the dealer network, you said 800 to 900 you have right now. Is it like fully matured right now in terms of your reach or there is further scope to add more?

Rajeev Jain: There's a lot of scope to add, because specifically for the agri and domestic market, today a dealer may cater to three, four, five districts in a state or maybe sometimes 10 districts. So something, there is always a room for optimization that you can have more dealers handling in that particular districts or a smaller number of districts, which would help us a good market coverage.

Unidentified Analyst: How many numbers on how many dealers you can reach? I mean, going at how many dealers you can add per year or?

- Rajeev Jain:** But I would not put too much emphasis on that. We look for quality dealers. In our dealer category, we have this category A, B, C, D. So if I can make it 1,500 or 2,000 with COD dealers, but that would not help us. So I would rather focus on quality dealers, A category dealers more, who would be more financially sound and the coverage would be better.
- Unidentified Analyst:** Just one last follow-up question. What is the one capital cycle on the standard pump side on the receivables and the inventory?
- Rajeev Jain:** How much, around 100...
- Mahesh Bhav:** The cycle is less compared to project business. So it's around 100, three months plus.
- Unidentified Analyst:** Got it. Thank you. Thanks for answering.
- Unidentified Analyst:** Yeah. Thank you. Just a follow-up on that is, if you can give us a differential in working capital between standard and engineered and export and domestic sales, if any difference?
- Rajeev Jain:** Yeah, I wouldn't have the statistics readymade, but working capital is around, overall for the companies around 30%. And of course, for engineered pumps, it is more than the standard business, definitely. So, the receivables, the inventories would be higher, it would be similar because we also have go downs and do that, but...
- Mahesh Bhav:** As we discussed standard business, it is on lesser side and project business we carry receivable mainly, this is carried in the project business majority.
- Unidentified Analyst:** What would the EBITDA margin differential be between standard and engineered and export and [Technical Difficulty] [1:09:24]?
- Rajeev Jain:** Definitely standard would be more and we actually do the EBITDA margin plant wise. When we segregated, we have six different plants and we do it different plant wise. So, that definitely shows that the EBITDA margin in our Sinnar plant and valve plant is higher than these project plants. So, this is a general guideline I would say and means in a plant like a standard business, it would be 15% plus for example. And project business could be 10% or 11% something.
- Unidentified Analyst:** And export and domestic?

Rajeev Jain: Export and domestic would also be similar differential would be two points I would say between export and domestic.

Unidentified Analyst: With export being higher?

Rajeev Jain: Export would be higher.

Unidentified Analyst: What is the current order book including nuclear order?

Rajeev Jain: Current order book including nuclear would be around 2,200 crores.

Unidentified Analyst: And if we exclude the nuclear?

Rajeev Jain: 1,200 crores.

Unidentified Analyst: 1,000 crores still pending, okay. If you could talk about opportunities in the oil and gas. We have been hearing some slowdown in the sector. Since we -- it's a part of our engineered pumps. If you can talk about what is the outlook that we are seeing from the oil and gas side?

Rajeev Jain: Yeah, difficult to say in oil and gas, because it's very fluctuating or very -- it's not steady. If you ask me today domestic market is a bit slowdown there are projects like CPCL and others which are now getting up, but I would say the opportunities are a lot and more on export today and we would like to focus on that for example the Mongolia refinery where India is doing that. A lot of projects which are there in the Middle East, which are awarded from ADNOC or Aramco. So those all projects are much more, we are looking forward for that. We are trying to get ourselves enlisted on all these big customers.

So I would say the outlook is good for exports, because general acceptance from these customers is good for Indian product. We have a comprehensive range and we have a very good sales organization in front. So I would say, we are more looking forward for the export. The domestic market is very crowded, the competition is very high. There are four or five manufacturers who are present in the domestic market. And this makes a lot of pressure on prices. So I would say the export market would be our outlook.

Unidentified Analyst: Some more inputs from your side on the nuclear opportunity. So we already have two orders. How is the other orders are moving? How the tender pipeline in this beside is the government really serious about

executing or bringing up large capacity in the nuclear, which can actually benefit eventually us. So what is your assessment on that?

Rajeev Jain:

Yeah, if you ask me, I think government is definitely serious. The investment is there, there is no kind of major hurdles there. It's only due to the inherent process of this business that it goes very slow. And this I think NPCIL also acknowledges that the progress. I'm sure if you ask their management, they would also agree that there could be a lot done to improve the speed of those projects.

But having said that again, I would say a lot of factors are there where, for example, it starts with the ground availability or earmarking the ground, then the suitability, and all those stringent tests have to go through. And you know the outcome only once you finish those tests. So one can't always say or blame NPCIL, but it is also due to the external circumstances, which affect that things.

There is a trend in NPCIL that they want to kind of offer EPC packages, want to speed up these things. And that's why they have given BHEL this first job of the turbine island. And on the nuclear island, I think they are evaluating also for the piping and every package to also give it out to an EPC basis.

So there are initiatives to speed up the process. But I would say in general these orders come with the lead time of almost two to three years. All these orders are three years minimum because of the quality processes, because of the selected vendors. So in our normal business, I would say one year would be the maximum for our normal business, which would be the time. And the delivery time of nuclear orders is minimum 2x to 3x.

Unidentified Analyst: And next year what kind of revenue do you see from nuclear order?

Rajeev Jain: Yeah, if everything goes well, maybe around ₹100 crores.

Unidentified Analyst: ₹100 crores since '24 and after that?

Rajeev Jain: After that, if once that the first one and two pumps go, then it will be much faster. Then it would be doubling in those years after that, at least double.

Unidentified Analyst: So 100 crores then 200 crores, 250 crore kind of revenue we can build.

Rajeev Jain: Yes, it's the first the pump gets tested, approved that the first pump has to run 500 hours, get that tested, then the second pump, and then all the pumps are identical. So then those first hurdles are gone, then definitely I would say 25 onwards, it would be much faster or at least double.

Unidentified Analyst: Yeah, those were my questions. Thank you.

Rajeev Jain: Yes.

Unidentified Analyst: Yeah, in terms of our capital allocation policy, so let's say if you make ₹100 of cash flow from operation, how much would go for dividend, CapEx and retention? And if there are any plans of inorganic, if at all?

Mahesh Bhawe: And you must have seen that we maintain a particular percentage of our profit after tax, and that is how it is generally maintained. But it depends on the respective approvals and regulations. Otherwise, else everything goes into mainly the business and expansion, as we discussed around ₹80 crores to ₹100 crores for the investment. That is how it has been allocated and rest with the working capital.

Unidentified Analyst: Right. Thanks.

Unidentified Analyst: So what will be the level of independence enjoyed by the Indian entity as compared to the group entity?

Rajeev Jain: How do you define that independence?

Unidentified Analyst: Like the choice of products that you want to supply [Technical Difficulty] [01:17:13] plus the dependence on for CapEx or the kind of products that you want to develop?

Rajeev Jain: Yeah, we have internal procedures that there are levels of authority and approvals. So if let's say we want to have a product for the Indian market, our experiences that almost every time we get the approvals based on our business plan. So there is never, I would say a hurdle or a resistance or anything [indiscernible] [1:17:50].

For the Indian market, we get that 100% support and CapEx investments and all those of course go through the normal Board approval, Indian Board approval, German Board approval process. But as I said, there's never been such a big issue because everybody understands the potential the Indian market offers and all this growth

which you see and this investment which you see has been fully supported by the German Board as well as the Indian Board.

Unidentified Analyst: And the follow-up would be that what role does Paharpur family and ThyssenKrupp Investment play at the board level or help the management person?

Rajeev Jain: I think they are Board Members and the normal, the ThyssenKrupp has no Board Member in our -- ThyssenKrupp is not represented in our Board, but Paharpur, Mr. Swarup is our Chairman. And so all the Board related issues are discussed according to the Board resolutions. A day-to-day management is done by KSB and all the Board related issues is involving all the Board members.

Unidentified Analyst: Just a second quick, my last question rather. What percentage of end consumer CapEx is towards pumps?

Rajeev Jain: End user CapEx towards pump in a typical project it could be 3% to 4%. These are very general answers. It could vary from project-to-project, but it's a type of product. I just give you a rough idea.

Unidentified Analyst: We mentioned about KUSUM in one of our slides that we have got few projects, KUSUM. How big do we see, do we see some states doing well? How is the competition intensity also fairly high there? So how are the margins, how are the products and how are the ordering moving overall on KUSUM?

Rajeev Jain: You saw in our presentation, we got one LOI of almost ₹30 crores, ₹30 crores was our order. And this is just a letter of acceptance. The process for KUSUM is once you get there, then we have to visit those states, the farmers get their acceptance and then the ordering happens. So that process is ongoing, but it's good that this market, the solar market has moved quite well for us compared to what we were a couple of years back. And the progress is quite good that we have qualified on the PM KUSUM Yojna, we have qualified as a system supplier. And we have already been awarded in two states. And we have participated in 13 states. And we are further expecting much more success or orders in other states as well. And so it's a good opportunity for us that KSB with their products, brand image has got a fast acceptance.

And we should be start supplying complete system, the pump and the motors we have been supplying for quite some time. But the complete system, I think we should be supplying from early next year. And

there is quite good optimistic hope that we can get quite a sizable number of system orders in the next two to three years. The margins are reasonably okay, quite good. Even though the bought out portion or the non-manufactured portion is quite high, we make the pump and the motors and the other items like controllers, panels and the installation is done by others. In spite of that, we are able to maintain a reasonable good margin, I would say.

Yeah, that's the possibility. The markets, the market is huge. And so that is definitely a possibility.

- Unidentified Analyst:** When partners, multiple authorities of the state level, separately?
- Rajeev Jain:** Those we have to manage properly, our project management so that, we can ensure that that is not affected to that extent. That is on our evaluation as well and we are creating proper team infrastructure in our Sinnar plant, so that we monitor this regularly.
- Moderator:** We'll now move to the questions from the virtual audience. First question is from the line of Ravi Purohit. Ravi, please go ahead.
- Ravi Purohit:** Hi, thanks for taking my questions. So I have three questions. One is, I think lately we've seen a lot of thermal CapEx being announced in the country and we used to be very strong in boiler heat pumps back in the day, maybe in 2007-'08 November thermal CapEx expansion.
- Moderator:** Hello, Mr. Ravi from VC Participants. You may please ask your question.
- Ravi Purohit:** Yeah, am I audible? Hello, am I audible?
- Moderator:** Just give us a second. We're trying to resolve the issue.
- Ravi Purohit:** Yeah. Hello. Am I audible?
- Moderator:** Hello.
- Ravi Purohit:** Yes, am I audible now?
- Moderator:** Yes, please continue.
- Ravi Purohit:** Okay, thanks. Yeah, so my questions were I had three questions. First one being there is a lot of traction in thermal CapEx and you were pretty strong in boiler feed pumps and had a pretty strong portfolio

back in the day 2007-'08. So do we think that no, we could be getting some of the orders back in this round of CapEx that is being announced on boiler feed pumps. And of course, with these thermal CapEx, I'm presuming that GD pump order will also be placed for the newer plants. So, if you could just throw some light on that. My second question is on this export business that you had mentioned and particularly you mentioned about this Mongol refinery.

I think Megha Engineering has probably won the order for them. And hopefully I think they are doing about a billion dollar worth of orders in Mongol refinery area. So and when you say 3% to 4% is the pump requirement, is it fair assumption to make the \$30 billion, \$40 billion is the potential size that you're looking from a typical size of these kind of projects. And third question is on recently, our parent KSB AG had a Capital Markets Day and in that presentation of September 23, they had mentioned that they are pretty strong in hydrogen as well.

And they received more than \$22 billion, sorry €22 million worth of orders already in this. So, and there is a lot of CapEx that is being happening right now. And there are talks in India itself also right on a lot of CapEx in hydrogen. So does KSB India, KSB Limited in India have those technology or the product profile already with us and are we kind of looking at that opportunity? So those are my three questions.

Rajeev Jain: The first question, it's still having an echo. [Technical Difficulty]. Can Mr. Purohit listen, can you hear me?

Ravi Purohit: Yes, I can.

Rajeev Jain: Mr. Purohit, if you can type, if you can hear me, because these answers are for you. Okay. Good. The first you said thermal, thermal power plants, you see the Super Critical 660, 800 megawatts, those projects have drastically reduced. We supplied the pumps, boiler feed pumps and other plant from this plant for this Tanda and Telangana and Ghatampur, Ghatampur, we supplied the CEP cargo. So those all projects have been in the coming time, those projects have drastically reduced and those projects, even the EPCs have reduced. Now you have only BHEL and L&T who are participating there. And BHEL has been quite successful who have their own pumps. So for the pumps for the Super Critical, we are not very optimistic. Neither we are making our strategy on that.

But whatever projects are received by the private EPCs like L&T or anybody, that we will participate. And the normal smaller boiler feed pumps which put captive waste. So those are done by OEMs like Thermax and HDX. And we have a very good share there. More than 70% I would say for those pumps. In fact, if you look at our mid-sized boiler feed pumps, HD pumps, we almost have more than 400 pumps orders this year as well as last year, which is slowing down a bit now.

But that we count it as our daily bread and butter business. These are not project business. The real project business I already mentioned that those only few now and we compensated that by FGD business and nuclear business. The second question was on, I'll come to the green hydrogen one. The hydrogen aspect, it's right. It's good to hear that you could also or you have kept a track of the KSB SE investor meet. And it's true that the KSB is one of the leading suppliers to this segment for green hydrogen and the electrolyser market.

And with the success of KSB Group, the same products are available in India and we see a lot of our activity starting. The market is not yet mature as what we see in the European countries. But we already have around ₹2 crores to ₹3 crores for our pumps supplying to electrolysers, manufacturers who are setting up base or who are collaborating with L&T, with Reliance and all those companies. So we have made a start there. We have an inquiry pipeline of much bigger inquiries. So as the market matures, as the inquiry bank increases, I think our share will be very good. And as I mentioned, we have the products not only for green hydrogen, I would say wind energy also.

We have bagged one or two orders and in fact, KSB supplied pumps for 12 megawatt big windmill energy plant. And we have been supplying for smaller ones, but we are creating references globally. And this will help KSB India also to go into international customers as well as local customers based on differences and experience of KSB Group. The second question I if you can repeat.

Ravi Purohit:

Yeah, this goes on the Mongol refinery.

Rajeev Jain:

Our potential is high and you must have seen in our slide that Megha Engineering was one of our top 10 customers. We have been quite successful with them. I also presume or that they are happy with our order execution and the way we are executing those orders. And I believe that they would definitely give us a fair share of this business. And we KSB have also a strength that with our global organization.

We have access to our KSB Mongolia local representatives. So giving a comfort to the end user with our local support as well. So yes, that is one of our good target projects for the future.

- Ravi Purohit:** Okay, thanks a lot sir, all the best.
- Moderator:** Yeah, Mr. Sriram, are we able to -- are you able to hear us?
- Sriram:** Yeah, am I audible?
- Moderator:** Yes, please go ahead.
- Sriram:** Yeah, I just have one question. Within your standard pumps, how much would be the industrial pumps? Can you give the value for the last year and for the nine month ended September?
- Moderator:** Value for industrial pumps in?
- Sriram:** CY 23 and for the nine month ended September '23. So, CY '22 and September '23.
- Rajeev Jain:** [Technical Difficulty].
- Sriram:** Sorry, you are not audible.
- Rajeev Jain:** General industry business, what we have as a part of our standard business is almost ₹300 crores.
- Sriram:** And any change this year compared to last year?
- Rajeev Jain:** You can put it in the chat box. Yes, we are growing there around 15% to 20%. General industry includes sugar, pulp and paper, distillery, and such industries, heating systems. So our growth in that segment has been quite good. And I mentioned it earlier, distillery has helped that with the investments and the new plants coming up. So I would say it's almost been a 20% growth in that segment.
- Unidentified Analyst:** [Technical Difficulty]. We can claim higher wages.
- Rajeev Jain:** Yeah, I think our plant is at the highest level.
- Nitin Patil:** Our thermal plant is at the highest level now. Other plants are at different stars, but there is a potential there. But I think we will reach there, all other plants also.

Rajeev Jain: Three star is the highest rating. And as he mentioned, only three plant work I've approved. Other plants are [Technical Difficulty] [1:35:56], so we have scope for improvement.

Unidentified Analyst: [Technical Difficulty] [1:36:06].

Rajeev Jain: That is again difficult to quantify. It gives us more opportunities. And opportunities, it's not only business, I would say it also is other internal efficiency improvements in terms of failure costs on time delivery. And all these factors help us in our cost optimization plus access to those export markets. It would help us to give that difficult to quantify how much it would be. But it gives us a good base.

As I mentioned earlier, a lot of export business, especially project business, even internal depends on the plant approval. And this is a nature of our business that customers would like our plant apart from the product. And they come and see the process. So once you get a three star, customer is export or foreign customer, he already [Technical Difficulty] [1:37:06] comfort feeling that we are three star. And so the approval process becomes very easy of international customers.

So I would say that would be the major takeaway if once we have that three star rating, then we would be on a lot of international customers approved list. And this always this talk of country of origin, then would vanish based on these [Technical Difficulty] [1:37:33].

Unidentified Analyst: [Technical Difficulty] [1:37:35] and share services payments to the parent and in what period they are decided. Once they are, let's say fixed currently, when is the next review and after that review for how many years that stands?

Mahesh Bhav: So royalty payments that depends on the product-wise license agreement what we have with the parents will depends on agreement to agreement product wise.

Unidentified Analyst: [Technical Difficulty] [1:38:05] percentage of sales, around 1.5...

Mahesh Bhav: Yeah, 1.5, roughly overall.

Unidentified Analyst: [Technical Difficulty] [1:38:13] services payment that you met to the parent apart from royalty shared services or some other technology service that you avail?

- Mahesh Bhav:** IT services whatever parent supports us, so those are IT related and technical support related payments what we make.
- Unidentified Analyst:** '22?
- Mahesh Bhav:** By '22, again that would be maybe roughly around €1.9 million or roughly around €2 million total, yeah.
- Unidentified Analyst:** Put together.
- Rajeev Jain:** Both put together 2.5% of sales.
- Mahesh Bhav:** Yeah.
- Unidentified Analyst:** And broadly it will remain there.
- Rajeev Jain:** That is something which has to be discussed. Today both the Royal B plus shared service charges plus ITs, technical support, all these constitute whatever we call related party transactions. So today that approximately it is 2.5, but as time goes on it depends on the scope of services we receive. You see the group has global IT services and if you participate more than those get affected. The royalties depend on the product licenses which we take and as we take more and more products, the share has to change. So it's a bit of, it's not a fixed thing. It depends on the kind of services we take and the product licenses we take.
- Unidentified Analyst:** [Technical Difficulty] [1:39:45] related etc, can we at a higher royalty?
- Rajeev Jain:** No generally those royalties are fixed. Those royalties are not changed and if you talk about electrolyzers, those are basically standard pumps. Those are not big pumps. Unfortunately those are [Technical Difficulty] [1:40:03]. He is muted.
- Shraddha Kavathekar:** Hello? Mr. Mahesh [Technical Difficulty] [1:41:03]?
- Unidentified Analyst:** Hello, am I audible.
- Shraddha Kavathekar:** Yes.

Unidentified Analyst: Sir, is it possible to share nine month revenue segments and revenue distribution from Standard Pumps, services business, export and so on [indiscernible] [1:41:22] basis?

Rajeev Jain: Revenue business [Technical Difficulty] [1:41:28]. It would be more or less the similar percentage of standard being around 45% engineered around 26%, valves around 19%, and SupremeServ around 15%. This would be the broad difference. It changes one or two, three percentage here and there, but this would be broadly the distribution.

Unidentified Analyst: Sure. And so without the contribution of nuclear business, still we have green 27%...

Shraddha Kavathekar: [Technical Difficulty] [01:42:01].

Rajeev Jain: Yeah, he raised his hand again.

Shraddha Kavathekar: Yes, Mr. Mahesh.

Unidentified Analyst: Yeah, I mean, without the contribution from nuclear business, we have reported a very healthy growth of around 25% in last nine months compared to last year. So this performance, I mean, what is the reason behind this kind of such a strong growth?

Rajeev Jain: Did you mention nuclear business?

Unidentified Analyst: Yeah, without contribution from nuclear business, still we have grown very substantially in less than nine months.

Rajeev Jain: This growth has come again in across all the parts including valves and this is as I said in the non-segments. [Technical Difficulty] [01:43:12]. And also in the petrochemical sector based on our oil and gas products it [Technical Difficulty] [1:44:04] IPD, Pimpri plant and Shirwal plant. So to answer your question, I would say it is across all segments where we are participating and this compared to last year.

Going in future, I mentioned there are some segments like solar. One is, another is mechanical. But this, up maybe in the next years to come but so far the product mix and segment mix remains approximately same with plus minus 2% or 3%.

Unidentified Analyst: Thank you so much.

Rajeev Jain: [Technical Difficulty] [01:44:46] pumps with, yes, definitely. I think pumps with IE4 and IE5. Today the realisation for us I guess is not so high because these, we are importing it from our overseas group companies, once we localize it and make it maybe the realisation would be better. But definitely there is a good market and acceptance for such high specification motors and we buy these motors from our Italian plant.

I mentioned that opportunities are increasing more and more enquiries and KSB has the complete product portfolio for this market, electrolyser market and all [Technical Difficulty] [01:46:12].

We are not present in that segment. [Technical Difficulty] [1:46:36]. It's, yeah, there are few players, it's a different technology, but we have not participated in that as a pump, as a turbine or as a storage.

Yeah, it's a question I would be happy if I could answer that, because, yes, the action is there. We are being informed that that the enquiry should be out in couple of months, but I guess that all depends on the progress at each site and the plans progress. They try to optimize it with the active progress in the site. For example, the GHAPV project, if that gets delayed, then that affects the future planning as well.

Unidentified Analyst: [Technical Difficulty] [1:47:52] in India, is it a large market?

Rajeev Jain: Hardly anything.

Unidentified Analyst: Anything about the import of the pumps? We as a country do it in a FY '22 or FY '23?

Rajeev Jain: Sorry.

Unidentified Analyst: As a country, do we import pumps still?

Rajeev Jain: We import very specialized pumps, very special, but our import is very, very less. It would be for KSB less than 3% or less than anything. We only take some pumps which we don't manufacture ourselves and we import sometimes components also from our plants.

Unidentified Analyst: My last question is, what do you think about the pricing of the current scheme and why it did not set the last time and the optic was very poor last time, last tender. Do you think the optic will increase materially in this particular tender?

Rajeev Jain: Yeah, I think after the price revision, which has been accepted, there is much more interest from the suppliers. And yes, price was one of the main reasons why it was not moving. But after the rate revision, I see quite a bit of interest amongst all the suppliers. And we also find it fair enough to work in this segment.

Unidentified Analyst: Thank you.

Rajeev Jain: Yeah, maybe before just you start, I would like to thank all of you to travel to this wonderful plant. It's our showcase. And we always say that even in all the German visitors who come, they're very impressed and a bit jealous also, I would say that we have such a great plant here. And in fact, we had them last two weeks back also. So I thank you all. I think it will give you an insight into what we always talk. And when you visit the plant, you will see all those nice machines, the facilities and why we claim that this is one of the typical strengths of KSB that we outsource very less. All these high tech things and technology things we try to inbuilt ourselves and these machines, which we will show you not many or hardly there in India. It would be easy to do this business by outsourcing but we have never followed that path. And we have our own foundry and we believe in the quality for high-engineered business, doing it ourselves. And this factory visit will help you to understand that philosophy which we work on. Thank you.

Ashwani Sharma: Yeah. So that brings us to the today's interesting session. Thank you very much, KSB management for again giving us the opportunity. And a big thanks again to the investors to take out the time and make it success. One announcement, so we'll take 10 minutes break and then we'll have lunch. And after that, we'll go for the plant visit. Thank you.