26th August, 2026

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National Stock Exchange of India Limited
"Exchange Plaza", C-1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051
NSE Symbol: KSB

Subject: Transcript for the Institutional Investors Meet.

Dear Sirs/Madam,

In continuation to our intimation dated 13th August, 2026 and 19th August, 2026 enclosing herewith the Transcript of the Institutional Investors Meet held and participated on 19th August, 2026.

Kindly take the same on your records.

Yours faithfully,
For KSB Limited

SHRADDHA SHAM KAVATHEKAR
Digitally signed by SHRADDHA SHAM KAVATHEKAR
Date: 2026.08.26 17:26:00 +05'30'

Shraddha Kavathekar
Company Secretary

Encl. as above

MANAGEMENT: Mr. Rajeev Jain - Managing Director
Mr. Mahesh Bhave - Chief Financial Officer
Mr. Nitin Patil - Vice President for IPD/EPD Operations~~,~~ and Chief Operating Officer, Nuclear Business

Presentation

Moderator: Good morning, on behalf of ICICI Securities, I welcome you all to the Q2 CY 2026 Institutional Investors Meet of KSB Limited. Today, we have with us on the dais, Mr. Rajeev Jain, Managing Director; Mr. Mahesh Bhave, Chief Financial Officer; Mr. Nitin Patil, Chief Operating Officer, Nuclear Division; and Shraddha Kavathekar, Company Secretary. We will start with a detailed presentation, which will be followed by Q&A. Over to you, sir.

Mr. Mahesh Bhave: Thank you. Good morning, all. We start with a cautionary statement regarding forward-looking statement. This presentation may contain certain forward-looking statements relating to company's future business developments and economic performance. Such statements may be subject to number of risks, uncertainties and other important factors, such as but not limited to competitive pressure; legislative and regulatory development; global macroeconomic and political trend; fluctuations in currency exchange rates and general financial market conditions; delay or inability in obtaining approval from authorities; technical developments; litigation; adverse publicity and news coverage.

These could cause actual developments and results to differ materially from statements made in this presentation. The company assumes no obligations to update or alter forward-looking statements, whether as a result of new information, future events or otherwise.

So, KSB India snapshot, I think most of you know, but just to have a repeat. We started in 1960, our Pimpri Plant, which is a flagship plant. 1974, we established Foundry in Ahmednagar, Vambori, ferrous and non-ferrous castings. 1978, we started our PPD, that is Chinchwad Plant. Initially, it was a power-driven pump plant and now it is converted into SupremeServ Division, that is after-sales division, where we have our spares, warehouse and after-sales activities. 1987, we established Valves Division in Coimbatore. Then we moved, 1994, we started our Water Pumps Division, that is in Sinnar, Nasik, which is a standard pump factory.

We acquired MIL Controls Limited in 1997, which is in Kochi, Kerala. We started our tech centre, KSB Group Tech Centre in Pune City in 2005, which is into engineering and IT service, providing captivity to the group. Shirwal, the new state-of-the-art plant, which is in the Energy Pump Division, which we started in 2017. As all of you know, we acquired BP&CL Technology in 2023 and very recently, maybe a few weeks before, we started our new shed at Shirwal.

So, presence of KSB in India, KSB Limited, as I mentioned, we started in 1960. Six manufacturing plants, six service stations, more than 350 service centres across India, 22 warehouses, four zonal offices, 14 branches and more than 800 authorised dealers who dealt into our products. KSB Tech, we discussed, it is in Pune City, it's a Tech Centre. We have a liaison office in Bangladesh. And MIL, we discussed, we acquired in 1997. It's to control valves, basically. It's a manufacturing plant.

Pictures of our facilities, Pimpri IPD, you can see Vambori Foundry, Chinchwad Plant, Coimbatore Valve Division. WPD, we call Nasik Factory. Kochi, our MIL factory. Shirwal, you can see the helicopter view of the Shirwal plant and also a factory view and new shed inauguration which we have done recently in Shirwal.

The management team from left side, Mr. Nitin Patil who is with us today, Vice President for IPD/EPD operations, and COO for Nuclear Business. Mr. Mohan Patil, who heads HR. Mr. Rajeev Jain, Managing Director, who is with us today. Myself. Mr. Sunil Bapat, Vice President, Sinnar, and also Foundry Factory, and COO for Solar Business of Pumps. And Mr. Prashant Kumar, who is VP, Sales and Marketing.

Our Board of Directors, Mr. Gaurav Sarup who is a Chairman and is an industrialist. We have Dr. Stephan Bross, Non-Independent and Non-Executive Director. Dr. Matthias Schmitz, who is a Non-Independent and Non-Executive Director. Mr Rajeev Jain, Managing Director.

Independent Directors, Mr. Ulhas Yargop, you can see his experience and we associated from 2024. Mr. Muktibodh, who is from nuclear background and he associated with us from 2025. Ms. Sharmila Barua Roychowdhury, Independent Director, Lawyer and Expert in Social Studies in Human Behaviour. Mr. Vishal Kampani is Independent Director, associated from 2024.

Financial performance in nutshell, you must have already gone through the numbers, half yearly. So INR 12,920 million half year ended, which is the revenue from sales. EBITDA INR 1,465 million and profit before tax INR 1,279 million for the first half of June 2026.

Continuing growth story, you can see revenue from operations, 17% CAGR. You can see the PAT, profit after tax, that is also 22% CAGR and continue to grow, and EBITDA 17% CAGR.

Value creation for investors, net worth you can see continuous growth up to June 2026. EPS, ROCE which is 22.8%, but if I take out the one time labour code impact it is actually 24%. And dividend what we declared last year is again 220%.

Update on SAP HANA, you are all aware that SAP HANA is a new platform which is kind of mandatory from SAP and lot of benefits what it gives to us, real time insights, faster and data driven decisions, process automation, higher efficiency, lower manual efforts, integrated operations, one platform across companies, functions, scalable and future ready, supports growth and digital transformation, enhanced control, better transparency and governance. So KSB worldwide as a global company is implementing HANA somewhere in H1 of next year. And we, of course, the model is a revenue model and we expect cost allocation in the next year.

Business highlights, as you are aware we are into six major market segments: Energy; Building Services; General Industry; Petrochemical and Chemical; Mining; and Water. So these are six market areas and 21 sub-markets. Order intake, generally we have this order intake per month which gives us a clear picture. You can see again 14% CAGR and continue to grow in order intake. H1 first half 2026 without Nuclear, we are INR 15,307 million OI. Very strong orders on hand, I think this shows the very robust orders on hand and you can see it is continuously growing, June 2026, we have INR 27,445 million orders on hand.

Just to overview how we distribute the order intake, you can see Standard is 51%; Engineered, 14%, SupremeServ, 16%; and Valves is around 19%.

Export business continued to grow despite of geopolitical kind of a pause or hassles what we faced in H1 2026. However, we hope to come back in H2 as the situation becoming more normal.

Key growth drivers, first is Energy Conventional. There are four important key growth drivers, we are saying Boiler Feed Pump package for thermal power projects; Condensate Transfer that is CTP pumps package which is for power generation application; Refinery and Hydrocarbon processing pump packages; and first localized LUV boiler circulation pump order. So this is the localization what we did recently. And you can see the product profile into Energy Conventional market.

Water and Wastewater, this is again a very upcoming market, municipal water supply distribution project, desalination applications, rural water supply and infrastructure projects, strengthened presence in sustainable water management and infrastructure investments. You can see range of products which are already available with us.

Commercial Building Services, another very important segment where we see lot of opportunities, metro rail, urban infrastructure projects, commercial real estate development, residential township and large institutional building service application where we have a good product range, you can see the fire-fighting range which we have been discussing like Gamma.

Petrochemical, gas separation and processing application, we see lot of opportunity into these areas also with recent changes of government policies. Petrochemical capacity expansion project, refinery process pump applications and strengthened presence in large scale domestic and international petrochemical investments. And you can see the product range which is already available.

Some of the emerging segments, Marine business which we discussed, commercial ship building applications, battery electric and green marine propulsion projects, coast guard vessel applications, growing presence in India's marine and ship building sector. So this is the emerging sector, we have product already developed and ready and I think we have also approved in some of the areas by Naval.

New technologies, one is green hydrogen, railways, renewable energy and strategic participation in renewable energy ecosystem. So product portfolio, Magnochem is for green hydrogen, for railways we have Etaseco, and renewable energy we have Movitec, so these products are available.

Data Centre, the buzz word, we are, our pumps goes into cooling infrastructure in Data Centre, precision thermal management application. And also commercial building services, mission critical water circulation system, strengthened participation in hyperscale and enterprise Data Centre developments. And the product portfolio like

HVAC and fire-fighting, plumbing and liquid cooling, these are the applications.

I think I would request Mr. Patil to talk about the Nuclear Business.

Mr. Nitin Patil: Yeah, good morning to all of you once again. I will take you through the updates from our Energy division. You see we have the – I think, it could be repetitive kind of nature but I will just go through. We have a dedicated state-of-the-art facility for the energy business in our Shirwal Plant where we have a dedicated organization for Nuclear. We are, I think, one of the leaders in having the complete infrastructure for Nuclear Business, including the required manpower in engineering and quality as per the required code.

We were the first pump company to get ISO-19443 certification, which was again renewed some time back. This plant is 115,000 square metre area. It is 100,000 is written, but I think we have added 15,000 square metres which was also recently announced. It is best-in-class and state-of-the-art facility. I also say that it is one of the best pump facility worldwide. Within KSB Group for sure and also worldwide in any pump industry I would say it is one of the best pump plant. This plant is also certified as platinum rated as per IGBC Green factory building. We have very dust free environment which is required for such kind of critical pumps. We have our own rooftop solar in this plant of 1-megawatt and we have dedicated base for critical testing of large pumps.

These are some photographs of the shop. So we cater to mainly three segments from this plant. One is nuclear power plants, thermal power plants and oil and gas petrochemical industry. I think we recently also announced we expanded this facility by building one more shed approximately 7,000 square metres on this recently bought out land of 15,000 square metres. This will approximately add to capacity of 20% in this plant.

As you are already probably knowing KSB is a leader in providing pumps for nuclear power plants worldwide as well as in India especially for the PHWR plants. If you see this figure KSB worldwide is present in all kinds of reactors. Though in India it is mainly pressurized heavy water reactor and pressurized water reactor which is Kudankulam. But KSB is present in all required nuclear application.

So these are some of the products which go into critical application of primary and secondary. Primary being the main coolant pump which I think we have been discussing for past few years. Then emergency core cooling system, residual heat removal, safety injection, reactor clean-up, volumetric control. And in secondary side, which is similar to a thermal plant that is feed water and condensate pumps.

Similarly our product basket is covering the complete energy sector. Say the first two one are the CHTD and YNK, which are mainly for thermal power plant which is boiler feed pump and the booster pump. Then the condensate pump, then in FGD as you are aware we were the leaders in FGD pumps though that opportunity is currently not much. And then the pumps are for oil and gas API pumps that is CHTR, CHTRa, and the last three are for the nuclear pumps.

So if you see this is our nuclear journey in India. KSB started with nuclear pumps in 1977 with a tripartite agreement between KSB Germany, KSB India and the Department of Atomic Energy, where this agreement envisaged localization of these pumps for 220 megawatt as well as 500 megawatt at that time. 500 megawatt was later on upgraded to 700 megawatt. So we have done progressively. So all pressurized heavy water reactors after Narora that is 1978 are equipped with KSB's main coolant pump or primary coolant pump. This was done progressively. First few pumps came from Germany and then progressively we localized completely.

Another milestone is 2017 looking at the India growth story and the growth which was foreseen in energy. We commissioned our plant in Shirwal 2017, and then after that the nuclear orders also started coming in 2018. In 2021, we also were the first local company to completely localize the boiler feed pump for 700 megawatt. The earlier plants, the pumps were imported from KSB Germany. And then we also acquired, as Mr. Bhave also said, BP&CL technology. During this acquisition, I think, we also had the nuclear aftermarket or nuclear installed base in our mind, because BP&CL also had a strong presence in Nuclear segment. And it also gave us exposure to reciprocating pumps which is basically not in KSB Tech, but now in KSB India we also can make reciprocating pumps.

As already said 2024 we got this ISO-19443 which is again recertified recently. 2025 our first indigenous pump was made and 2026 the testing is happening in NPCIL test bed. So this mainly Germany shows KSB is at the forefront of localizing any technology required in pump especially this slide covers the nuclear pumps. These are our main installed base especially for primary coolant pumps 220 megawatt as well as 540 and 700 megawatt PHWRs.

Our first pump started with Narora and up to Rawatbhata 7, 8; and then the last two projects are the completely indigenized pumps for Haryana, Gorakhpur as well as Kaiga 5 and 6, which are under manufacturing currently.

So this is our order on hand if you see. The current order on hand is INR 1,235 crores which mainly includes pumps for GHAVP 1 and 2, Kaiga 5, 6, and the safety package which we got for Kudankulam project.

So, yes, I think Nuclear is a buzzword nowadays. Every day you see some or the other news coming up in newspapers. So we also see great times going ahead I would say. Though we have currently around 8.8 gigawatt with 24 operational reactors. The plan is by 2031 it will be 23 gigawatt and then 2047 it will be 100 gigawatt.

So what we see how this is developing is this will always be mainly as I think you are all aware that the mainstay of the Nuclear program is PHWRs which will be the mainstay where KSB is strong. And the 8 reactors are under construction, 10 reactors are under pre-project stage. This is as per available data. So long-term goal is 100 gigawatt. And also government has announced five indigenous SMRs to be built that is for Bharat Small Reactors also that is 220 megawatt which are originally already built and operating for more than, I think, 40 years now. So that also is being planned.

And recent policy initiatives if you see SHANTI Act was passed and then recently the rules have been published for comments from the public and the stakeholders. And then we also have, I think, NTPC also is with joint venture with NPCIL as well as they are independently looking to add around 30 gigawatt, which is part of the total 100 gigawatt targets.

So how we are prepared for this opportunity is we have invested in capacity to meet the expectation as recently announced this additional shed will give us a comfort that we are already at 80% to 90% capacity utilization. So whenever the next orders come, we will be prepared for that. We have access to all the latest nuclear designs whenever it comes. Currently it is being mainly based on PHWRs as well as the pumps which are already delivering for Kudankulam. But any new technology which comes up KSB will have an access to that from our principals. We have more than 47 years of experience of making pumps in India for nuclear power plants and having the stable supply chain for that.

With the acquisition of BP&CL, we also have the reciprocating pump in our ET, and we can offer that for the upcoming plants. And Kudankulam safety package pumps which was I think sometime back announced are under manufacturing. Some pumps have already been dispatched from that order.

So I want to conclude by saying that we are fully prepared and committed for this vision of 100 gigawatt by 2047. So that's it from my side. Thank you.

Question-and-Answer Session

Moderator: Thank you, sir, for your presentation. We will now begin the Q&A session. Please request to raise your hand to ask questions and please introduce yourself.

Saurabh Mehta: Hi, sir. This is Saurabh from East Lane Capital. I have a sort of a slightly macro question. Just want to understand the pump industry, the size would be say about $2.5 billion, $3 billion and growth is probably GDP or in the long run less than 1 time GDP. So just want your outlook for next 2, 3 years, 4 years, which sectors do you think could break this 1 time GDP kind of growth, thermal, nuclear or any other areas which we think which will and like slightly macro picture but we have not seen pumps sector seeing the growth we are seeing with the other cap goods. So just some overall macro picture and then I have one question on nuclear.

Mr. Rajeev Jain: On the macro level, I think if you see the different segments, Energy is of course leading that growth level. Energy means both nuclear, conventional as well as renewable. If you see the conventional energy, those orders or those businesses started since last year and in the coming 2, 3 years you will see more visibility of those orders. Nuclear is separate and renewable also. Solar you must have seen good growth due to this KUSUM Yojana and which is a bit paused and should come in the last quarter again.

So I see Energy leading the pack on a macro level and apart from that the infrastructure, the infrastructure which I mean is the Water, Wastewater sector where a lot of projects are being announced and being executed. This is another segment in infrastructure which will pave the way for growth. Then, in infrastructure, it's also about airports, metros, railways. All these sectors are also giving those or throwing opening those opportunities for growth.

And, of course, it's apart from these you always also see other areas related to the geopolitical situations which spur that growth on localization and being self-sufficient whether it is fertilizer policy, whether it is biofuel. So all these aspects will continue to have a big role and increasing capacity for storage. So these are things which are continuously happening and I think in the last previous years you have seen pump companies, which were very small, example, growing to big companies also in solar for example.

And also other companies also showing a very healthy growth. So I see that on a macro level a good opportunity is all around in all segments and this will also continue, I think, in the next coming years as well.

Saurabh Mehta: So any breakthrough sector, so we understand Energy is an important sector, but can thermal, say, 50 gigawatt under construction, can it like really lead to in terms of the total value of the power in pumps, can it lead to a higher growth, say, versus a 8% it can lead to a 10%, 12% kind of growth for the sector?

Mr. Rajeev Jain: Yes, definitely. We are looking forward for that. Thermal will play a very important role, because KSB is a very leading player in this Energy segment. And also with our recent success in also getting the first order for the boiler circulation pump which was so far imported. So what this thing means is it is a process where you need to establish yourself and make that prototype and do that first step and once you do that then the momentum picks up. In the boiler feed pumps we are already there, we have got now Nabinagar and Gadarwara.

And so, there are many other projects under discussion. So, this will definitely spur that extra over our normal growth to show quite a good visibility of growth in the thermal power sector.

Saurabh Mehta: Sir, my last question is on nuclear. So just want to get an update in terms of the execution of the existing orders which we have. These projects have seen a big delay already, so what do we think now? And also for the future ordering next 12 months, which is the project we think which can get ordered out and are we going to face three people, like two more additional players like Kirloskar Brothers and Flowserve as a competition now this time around for the primary coolant pump? That's it.

Mr. Nitin Patil: Yeah, to update you on the execution of the Nuclear projects, the Kudankulam safety package progress is good. We have started deliveries last year, this year also deliveries are continuing. As far as

GHAVP is concerned, the pumps were tested somewhere in April and – the testing had started in April and May, but some issues were encountered in some other equipment in the test bed which was built by NPCIL. Somehow that has not yet been solved. What we are given to understand that by end of August that should be solved and the testing should start in September.

But the comfort which we have is during the limited testing which was carried out in April and May, we see the pump performing as per the expectations which we had and what were the requirements of the contract. So from that perspective, I think we are very comfortable. I also want to update you that based on our discussion, we have also started some deliveries of equipment which is not required for testing. So that has also started. So I see that this momentum gaining now going forward.

As far as new tender is concerned, I think I don't know when it will come, but what we are given to understand that it should come in next few months. What we understand is this will be for the projects in Mahi Banswara, which is under ASHVINI, that is NTPC/NPCIL JV, as well as some other projects. So it will be probably for eight reactors. As far as competition is concerned, as of today, I think we are the approved supplier. What NPCIL will do, I think we can't say. It is finally left to them.

But one thing is that we are at, I would say, leaders in this because we have already gone through the learning curve of the localization, what it means. So we have been doing this pumps for past several years now, but the completely localized pump also we have done and we are quite satisfied with that.

With that, I think we are comfortable on that front, I would say.

Shubham Murade: Good morning. Shubham Murade from ICICI Securities. So I have a couple of questions. First being, can you please help us with the subdued performance during the quarter and how much of the exports were for the Middle East during the quarter?

Mr. Rajeev Jain: Yes, the first half has been affected by the geopolitical situation, the war, and especially on the exports. So there were exports pumps ready which we could not deliver. And step by step, we are trying to solve that. We have made some progress. So that would be the answer to the subdued performance of the first half. But we expect a much better half in the second half, because as of today, we see that the issues related to supply chain, of course, have not been fully solved, but it is much better that we have now a bit of consistency in the supply chain after having agreed with them on the revised prices. So, we have a reliability of the supply chain. We have looking up in the export inquiries also. There is a good bit of momentum there. So, I would summarize that, yeah, we are looking forward for the second half to cover up what we lost in the first half.

Shubham Murade: And the second question would be, can you please help us with the global presence in Data Centre and what is the competitive intensity in that segment?

Mr. Rajeev Jain: Yes, today's discussion centres a lot on this Data Centre and KSB is making good strides in this business globally. There are orders which are coming to KSB Germany, which is in Europe from major OEMs also. And I think the order book situation of KSB is quite satisfactory in Europe from these major OEMs. In India also, we have started focusing on this business and, especially, on the application of cooling liquid, liquid cooling application. We have got orders from international OEM based in India. We are also discussing many projects with other OEMs. And so we see that business growing for us also here in India, specifically for that cooling liquid application.

And apart from that, I think similar to other building service projects, we are also making our presence in applications like HVAC, fire-fighting. So, we would see a good share of business in the coming months. And we have geared ourself up with dedicated teams to handle such OEMs as well as product upgradation or product adaptation to these applications.

Shubham Murade: Thank you.

Nityasurya: Hi, this is Nityasurya from SBI Mutual Fund. I have some queries on the nuclear. So since you said that the testing has already begun at the NPCIL side, but there have been few issues at the testing bed and it will resume in September. Just want to know that when will the testing be completed? And also post that, when will the testing start for the Kaiga unit? And when will the revenue recognition happen for KSB?

Mr. Nitin Patil: So testing, the first pump is to be tested for 500 hours, which typically will take around 2 to 3 months, because it's not continuous testing. And after that, the dispatches will happen. We see one pump every quarter, but we can maximize this to up to six pumps per year. And after the GHAVP test has happened, the Kaiga testing will happen.

Nityasurya: Okay. And also in the current capacity addition on the Shirwal plant, how many pumps are you able to do currently in post capacity expansion? I mean, how many pumps is able to do?

Mr. Nitin Patil: Separately, Nuclear, we don't have, but overall our capacity, I think, is approximately 1,200 to 1,300 pumps in Shirwal. Now that we see an approximate increase by 20%. But these are all pumps put together for Energy, Oil & Gas and Nuclear.

Nityasurya: Sure, okay. And, sir, anything on the refurbishment orders? I think we have heard one of the, I mean, there have been major tenders floating for the refurbishment. Tarapur was one. And I think other old plants have been sort of tendering for refurbishment. This is just in the news, so just want to take your view on that.

Mr. Nitin Patil: I think we have delivered some orders for Rajasthan 1 and 2. Tarapur, I don't remember as well, but I think the main refurbishment happened in the primary piping thing. Pumps, I don't remember if any, but in Rajasthan 1 and 2, we have replaced some older pumps.

Nityasurya: Okay. Thank you.

Unidentified Analyst: Sir, my first question is regarding the valves margin. We have been consistently beyond around mid-teens kind of level, but in the last, in the H1 at least, it has dropped to single-digit. So what specifically is the reason for this? I mean, historically, 10 years before we had seen similar margins in valves, since then it has been double-digit. So any specific reason for that?

Rajeev Jain: No specific reason. I think partly due to the commodity prices, partly due to the product mix, our exports have been down, partly due to the sales being down. So it's a combination of all these factors. And once we have out of these situation, which we are already coming out, I think we should have a good double-digit margin, which is what we are. So I see these as temporary variations.

Unidentified Analyst: And any outlook on solar? I mean, what was the solar revenue in, say, H1? And what was the growth, say, YoY? And I mean, any guidance on KUSUM 2.0 or something?

Rajeev Jain: The first half solar revenue was INR 50 crores to INR 60 crores, I would say, much below than our expectations or planning, specifically due to the KUSUM scheme, which is 2.0, which is delayed to the last quarter or second half. So let's see how we are waiting for this scheme to come up. So we have got some orders in the recent tenders of Maharashtra. So that should help us in the third quarter. And hopefully, when the KUSUM 2.0 launches in a big way, then we can get also a share out of it.

What was your second question?

Unidentified Analyst: I mean, you've covered everything mostly. Just a final one, what would be the share of solar pumps in our current order book?

Rajeev Jain: It would be presently less than 10%. We have targeted more than 10%, between 10% to 12%. Right now, I would say it's 5% to 7%, specifically, because of the delay in the KUSUM 2.0.

Unidentified Analyst: Sure. Thank you.

Mohit Surana: Sir, this side, Mohit Surana from Monarch Networth Capital. So just one question with respect to the order intakes. So order intakes, I mean, this time you have highlighted many new emerging sector orders that you've got, including Data Centres and also Thermal is coming up big way. But still, our order intakes have not improved materially compared to what we reported last quarter. So just wanted to understand what are the other sectors which may be pulling down the growth in order intakes that we are expecting?

Rajeev Jain: Yes, our order intake is dependent on both standard business and project business. So standard business is, I would say, growing consistently. It takes time because we are somewhere new entrance in some markets. For example, fire-fighting. It takes time to build up that reach to the customers based on your references. That is one market. I would say Marine, Navy, these are another market. Mining is something which we are also targeting. Then apart from that, these new technologies we spoke about, also Data Centres, Building Services.

But having said that about the standard business, the project market specifically like the oil and gas, the petrochemical market slowed down and that order intake should happen because now some projects like Dangote refineries is materializing, they are taking a bit of time but we expect a share out of that business also. So those are projects which have hope also. And the supercritical conventional thermal is we got something in the last year and, yeah, we can't target every project. It is something which we'll have to be selective on.

And in the first half, we were successful in breaking the jinx of the boiler circulating pumps. This was a big achievement for us. And these were pumps we imported from overseas and, now, our share will increase considerably for all the supercritical because again, as usual, KSB is the only localized supplier of this product. So it will happen step by step and we will grow in this project business also.

The third is of course water waste, water market which is also have a standard business and a project business. We have been out of this project business market for many years, decades I would say. But, now, the products are being developed, vertical turbine pumps, big size split case pump, big size submersible pumps. All this product development is going on and it takes time for us to develop, put the products in the market, get customer acceptance. So I think these are the seeds which we are sowing for the future years and it will happen gradually, because our accessible market will increase much higher in the years to come where we are playing. Same is for mining example. We today are developed products for the KSB global organization. So all these things will happen.

Mohit Surana: Understood, sir. So, the first half has been subdued but you expect second half to be much better. So for the full year, can we expect the growth to be high-single-digits or low-double-digits kind of growth on the top-line and bottom-line? If you can give some indication on that, that will be helpful.

Rajeev Jain: Our goal is to have a double-digit growth. This is what we are aiming for. Of course, there are challenges on the way and nuclear is one. We are hoping that NPCIL can fix that issue related to the test bed fast so that we can achieve what we have planned. We see a low risk there but otherwise, yeah, we are aiming for a double-digit growth. Excuse me.

Mohit Surana: Sir, if you may allow one more question. On the gas availability part, so our products are more fabrication heavy and I think that's one of the reason why the EBIT margins in Valve segment got impacted significantly. So is the gas situation availability has improved? Have we been able to pass on most of the cost rise in our products to the customer? If you can give us some update on that.

Rajeev Jain: Yeah, I think when you say fabricated means castings, foundry.

Mohit Surana: Yes, sir.

Rajeev Jain: Yes, you're right. Our products, whether it is pump or valves, it's all about castings and foundries were the main impacted by this gas thing. It took a while. It took a while to stabilize this because foundries don't have the capacity to accept this impact for a long time. And our customers don't agree for those price increase whatever foundries ask. So we took a while to kind of come to some agreement with them. We had to pass on price increases to them as well.

So from the supply side, now we see almost 85% to 90% stability on this front. So we don't see an issue because we have settled the price agreements and we have started coming back to their normal supplies. The issue still remains on the margins due to this, which takes time because even if we pass on to the customer and we can do that only for our day-to-day standard business, it takes a while before these really reflect in our books till we make sales. And so, the time period could be from 3 months to 6 months. So that will take a time to settle down. But the good part is that if we can achieve our top-line, that should help to mitigate quite a bit of that risk.

Mohit Surana: Understood, sir. So, the EBIT margin which declined this quarter, is it fair to say that a lot of that was the project's business because of which we were not able to increase the margins that side?

Rajeev Jain: Yeah, basically we did not achieve our planned sales, I would say. A major thing if you saw overall sales, we hardly grew 2% to 3% over the last. So I would attribute that as one of the things and the growth which we wanted did not happen. So that was the major reason of having an impact on the EBIT. Of course, your gross margin got affected, your OpEx also got affected. So all those things are there. But if we had achieved the sales as we had planned, maybe the impact would have not been there as it is there.

Mohit Surana: Understood, sir. Thank you so much.

Unidentified Analyst: Sir, two questions. One with respect to the Nuclear Business. So one, when you say that you have to localize the product for Indian conditions, so could you just elaborate what are the localization efforts that need to be put in? Has it got something to do with the design or is it the metallurgy what you have to work on? And how's the ecosystem that has got created around you in terms of your suppliers to align with that?

Nitin Patil: Localization, I didn't mean design experts because that technology is already available with us especially for the PHWRs. That is already available. But localization meant in the earlier project, some of the parts were imported that have been completely produced in India. It includes raw material as well as some of the critical machine like we say Hurth gear machine and mechanical seals. These were historically imported but that now is being completely Made in India.

Unidentified Analyst: So the mechanical seals essentially…

Nitin Patil: Mechanical seals, rotor parts and some castings, I would say.

Unidentified Analyst: Okay, okay.

Rajeev Jain: So just to add to what Nitin has said, the design part or the engineering part comes in, for example, the Kudankulam project where the team, maybe you can share with the teams. We did, it was totally done by KSB India. The pumps were adapted to the requirements of, because these pumps were earlier to be planned for coming from Ukraine and other countries. So due to the war, then it was designed in India.

Unidentified Analyst: I really appreciate that. So these pumps which go into the nuclear plants, they would sit in your standard pumps or engineered pumps? And, therefore, we can get some sense of the margin profile change?

Nitin Patil: More or less, the critical pumps are all project pumps. Standard pumps are very few in the utilities like fire-fighting, et cetera, in the nuclear plant. But they also will be needed to be adapted to some nuclear standards of seismic, et cetera, et cetera. So more or less, I would say most of the pumps are tailor-made or make to order, I would say.

Unidentified Analyst: Understood. And last bit on the nuclear pumps, what is the execution cycle like? So let's say a nuclear power plant typically takes anywhere from 6 to 7 years. So once you get an order, or let's say once the project gets approved and starts on ground zero, then what part of the life cycle do we get the order and how much time does it take for KSB to execute that order?

Nitin Patil: So this execution actually is not, say, straightforward. It involves a lot of document approvals in middle stages. So, the first documents are submitted, the customer approves them, then we place the orders on our vendors, and then during the approval also, there are a lot of inspection on this thing. So our standard cycle is 24 to 36 months. But typically, our deliveries to NPCIL is around 48 months from the date of order. And normally, the primary coolant pump is one of the first equipment to be ordered along with the steam generator.

Unidentified Analyst: Okay. So once the project hits the ground, or the groundbreaking happens, so let's say 3 years after that is when your first supplies would happen. Is that fair?

Nitin Patil: 4 years.

Unidentified Analyst: After 4 years?

Nitin Patil: Yes.

Unidentified Analyst: Understood. Now, the second bit of question was on the export part.

Nitin Patil: A small correction here. Our deliveries are dependent, especially in the main coolant pump on the test bed, which is at NPCIL, which is not in our hands.

Unidentified Analyst: No, no, of course, of course. And so on the export bit, how much of it is driven by your parents, the exports, and how much is it your own efforts that you have to put in to execute or get those export orders?

Rajeev Jain: It's our efforts, 100%. So the parents only makes a guideline that which territories and which products you're allowed to export. And so this is a general guideline so that they balance the loading of all factories globally. And so, you know your target markets. And then you work with those regions, with those countries, and then build up that export.

Unidentified Analyst: Okay. So the ground sales team would be of the parent?

Rajeev Jain: The ground sales team would be of that location. The parent doesn't participate in an operative way. They make the general guidelines, which product can be sourced from which manufacturing location. There is a general guideline. And so, let's say…

Unidentified Analyst: Okay. Sir, for example, if there is a project happening in Africa, let's say in Nigeria, they would say that KSB India would supply is what would be the guideline, and then you would respond to that order.

Rajeev Jain: Correct.

Unidentified Analyst: And how's the transfer pricing then decided?

Unidentified Analyst: So you would build it to the parent entity sitting there, or is it built by you?

Rajeev Jain: It depends on the situation. Sometimes we invoice it directly to the customer there also. Depending on the size of the product, depending on the engineering involved, depending on the type of business we do. If it's a standard business, they would buy the bare shaft pumps and do the unitization, value addition, and completing the pump set and supplying. But if it's a project like Dangote Refinery, then we would supply everything from here in India. We would invoice, and their involvement would be from the sales angle. That they would be fronting and having customer contact, and they would support us from there.

Unidentified Analyst: And lastly, so this export business should be better on margins than what we do in India? Is that a good assumption?

Rajeev Jain: Yeah, in general, that would be a reasonable assumption. The market price levels in export markets are much better than Indian market.

Unidentified Analyst: But it would come with a higher working capital cycle. Is that also correct?

Rajeev Jain: Not necessarily.

Unidentified Analyst: Not necessarily.

Rajeev Jain: Not necessarily. Because that working capital cycle is typical similar as India. And in fact, export deliveries are much less. They don't offer that luxury, so we have to be much more agile and efficient in export deliveries. So sometimes the working capital is much lesser, or the cycle is lesser than the domestic market.

Unidentified Analyst: And finally, it's a more general top-down question. In the last 6 to 12 months, forget the war and the uncertainty that has come out of it, domestic investment cycle, what are the changes that you are seeing on the ground? Do you see more inquiries, more activity? How are you seeing that investment environment on the ground from industrial pumps requirement, et cetera?

Rajeev Jain: I think we are seeing a quite good outlook and a good momentum from the inquiries. I said about infrastructure, so infrastructure development, there is whether you talk of railways, whether you talk of airports, whether you talk of metros, those continuous activities continuously happening, Water, Wastewater, Energy. So the last 6 to 12 months, we have been busy. We have been busy in these kind of things. You may say, yeah, slightly a point here or there, a little bit of a drop compared to what was forecasted earlier. But we don't see as an impact due to all the other things. We see a good momentum.

And with KSB's participation in all market segments, what is KSB's differentiation factor? KSB is a company which participates in all market segments. Petrochemical, Oil & Gas, and in Energy, Thermal, Nuclear, Solar, Water, Wastewater, Standard Projects, Building Services, Domestic, Residential, Commercial, Mining, SupremeServ, Valves. So you name any segment, chemical, new technologies. You name any segment, we are there.

Unidentified Analyst: So the next 18 months, we should be confident of being able to push a 20% kind of a top-line growth. Is that something which will be…

Rajeev Jain: It's not very possible. It's not impossible.

Unidentified Analyst: And given the inflation and the underlying metal prices where you get a benefit of realization increase, which you just alluded to, a 20% top-line growth is something which we should be gunning for at least.

Rajeev Jain: Yeah, in terms of volume, I would still put it between 10% to 15%. And in terms of value, maybe 15% would be a reasonably good figure. 20% is also possible, but that would come with peaks. That would come with peaks. It would not be as consistent and reliable. So that's how I would put it. And on an average, if you say 15% to 17% is a good.

Unidentified Analyst: Thank you. All the best.

Unidentified Analyst: Sir, just one question. Sir, have you started to see any traction on the JJM side, the 2.0 version was announced?

Rajeev Jain: Not so much. When I talk to my team, yeah, we are there. We are getting into there because of our product range. There is a bit of positivity, but there are still projects where we are still struggling from the past. So if you ask me a very holistic question, I would say we are positive or we are expecting, but on the ground level, we should see the same thing. I would say.

Unidentified Analyst: Okay. And the other question is on BP&CL. So, we had expected that we were at the INR 15 crore, INR 20 crore run rate, and we were targeting a much higher number doubling of, more than doubling of that. So are we on track for achieving?

Rajeev Jain: Yeah, we are on track. It takes time because this business is very much PSU based business, public sectors. And when we say a public sector, they have their guidelines. Their guidelines says you should have a PTR, proven track record, a reference. So that takes time and we are building that up step by step. The second thing is being public sectors, they have to go for public tendering and GeM portal where anybody can participate. So we are building on that. We are building on that, but the business is growing and we are breaking some and getting some milestones.

And we have a good product range from BP&CL. For example, I mentioned about fertilizer sector. There is a good product range from overseas company licenses, which we hope to do that. But yes, we are making inroads into customers where we were not there. ONGC, for example, Oil India, all these customers and step by step, it will grow.

Unidentified Analyst: Sir, if you take a medium-term view, say, 3 to 5 years, or 5-years-plus, so what could be the scale of this business? I mean, once it flourishes as per your expectations?

Rajeev Jain: Yeah, it would be constantly, at least we expect annual once we have stabilized, once we are able to participate in all tenders business, when I say reciprocating pumps, for example, and all those things. Yeah, a business of INR 40 crores to INR 50 crores annually is a figure which we could do more maybe, depending on the gradual.

See, what happened was BP&CL, they slowed down in the last couple of years. And that also meant that there were other external suppliers who developed as a suppliers to these PSUs. But they did not have the original drawings. They made it based on whatever they could do out of copying the parts and doing those things. So step by step, we now get into those issues or solving those issues of reliability, correctness, authentic parts. So, it will take time till that differentiation of a KSB supplied product and external supply that makes that impact.

So I would say yes, and the new product which we are very proud of is the reciprocating pumps. So now we are working on getting an EIL approval. EIL approval says you should have the pump running supplied first in 12 months. So once you qualify there, then the door opens for participating in all those tenders. So that's why the reason I say it's a bit takes time in this Indian context.

Unidentified Analyst: And last one is on the Ken and Betwa River Linking project. Is the pump supplier going to be a big component? Any idea on that?

Rajeev Jain: Right now I can't answer that question. But river linking projects, we are looking into it. Typically, they would want a high capacity flow pump, which is what we are now developing. So, this we are building the reference. We are doing an export job where we are making a split case pump with 10,000 metre cube per hour. So once we establish there, I'm sure when these projects materialize, we will have the product range to participate.

Unidentified Analyst: Thank you very much.

Unidentified Analyst: Hello. Yes, sir. Hello. Sir, if you can give us a perspective how SupremeServ aftermarket has grown and how should we see it over next couple of years, and how is the revenue contribution from that?

Rajeev Jain: Yeah, SupremeServ business is a very, let's say, talked about preferred and focused business internally. You know that we have dedicated one location, our Chinchwad unit for that. So what are the developments on those side? You see the warehouse for standard products, which we have created that it's been giving a regular monthly revenue and income where we have now got a good inroads into supply of spares for the standard pumps. We developed capabilities there with, we call it value engineering, reverse engineering where we do those things. And we are building parts for not only KSB pump, but non-KSB pumps.

Another aspect, recently, we have got orders for the boiler circulation pumps from customers to build the complete pump also. So this is a new segment of boiler, having got the technology for localization, building the first localized pump in our Shirwal plant gives customer confidence to also give the repair and refurbishment of that pump to us. So those orders have started.

Another import substitution, there are a lot of descaling pumps from Japanese pump suppliers. And we have got orders now to build those complete pumps in India, descaling pumps because as you see there is a lot of investment in steel industry, lot of localization push. So, international contractors, whether it is, Danieli or whether it is SMA all them are – and also the steel plants are pushing for localized equipment. And it comes from new business as well as aftermarket where they are preferring us. So, we are getting orders to localize. And as you know, KSB has a very strong presence in multistage pumps. And these descaling pumps, if they are centrifugal, these are multistage pumps where we are the only supplier. And, again, it's a proud thing that we replace international pumps in this segment.

So I'm just giving some examples of how we are making the progress. Our goal there is to grow that business to 25% to 30%. But since KSB India's portfolio has a big agri market, domestic market, where there is no aftermarket business per se, so the percentage may be still on the lower side compared to the group, which is aiming for 35%. But I can say that steadily this business is growing 15% per annum. We want to continue to grow in that segment, because it's a profitable segment. And it gives solution and value to the customers, where their issues of getting spare parts or replacing parts become much, much easier when they change over to local KSB supplier.

Unidentified Analyst: Thank you, sir.

Rajeev Jain: Sorry. And one more thing which I can add in SupremeServ is the mechanical seal business, which is also steadily growing. Mechanical seal, we have localized quite a bit of our product range. So in the years to come now is the stage of building up the installed base, but that segment will also grow in the next 3 to 5 years once we have got a good installed base on that.

Unidentified Analyst: Sir, just one clarification, you mentioned 25% to 30% revenue share what you target, but because of standard agriculture pumps that may not reflect.

Rajeev Jain: That may not be as high as that. It may still be between 50…

Unidentified Analyst: But if we exclude that, then probably that is how it works.

Rajeev Jain: Yeah, if we exclude then we should be able to reach that figure.

Unidentified Analyst: Sure, sir. And sir, last year exports grew very well, 33%, and revenue was INR 467 crores. Who should we look at it? And what is the order book in exports and what is the potential we see?

Rajeev Jain: Potential, I think, as KSB is one of the main global manufacturing hub, the potential is high. But as, these external situations, become more and more, I think, disturbing factors to disturb that export growth. But, let's talk of U.S. market, we went there, then the tariffs came, and then some orders got cancelled. Then, we are still strong in Middle East, and then the war came. So I cannot predict what external factors would come because these dynamics change very fast in the external.

But if you ask, our readiness and our acceptance is there. U.S. market, we are supplying boiler feed pumps for their gas based power plants now booming there. Middle East API pumps, we are the leaders in the group for our product range. Now another market which is potential is desalination market where we can also participate. So, the potential is huge. It a lot depends on the external situation, how it grows. But if everything is good, ideal, we should grow this thing very considerably.

Unidentified Analyst: What would be the current order book, sir, in exports?

Rajeev Jain: Current order book is behind, I would say today it is, if I remember, it is 15% of the orders, 15% of the sales, whatever it is. And we want to kind of target 20%.

Unidentified Analyst: And, sir, what kind of price hike we would have taken in last 6 months or maybe last 3 months after the commodity price increase, supply chain issues? Have you been able to pass it on?

Rajeev Jain: We have not been able to pass on the 100%. Let's say we give have been given foundries maybe in the range also of 12% to 15%. Our price hike to our standard markets would be still single-digit so far. So, at one go, we cannot do that. So we have to do in a phased way so that we support our customer that we also do improvements inside, efficiency improvements, and then step by step, normalize by doing it in a phased way so that our customers don't get affected in that way.

Unidentified Analyst: And last question, sir, on engineered pumps. Probably, has the order intake declined? I missed the slide, but have you seen decline in order inflow on engineered pumps?

Rajeev Jain: Yeah. First half has been slow on the project pumps, I would say. But as I said, there are a lot of projects waiting to get finalized. So I just see that as a temporary thing. The second half should be much better.

Unidentified Analyst: And the inventory build-up, we see lot of finished goods like working progress which has been so what is it related? Is it to export or that is a nuclear pump which is…

Rajeev Jain: It is mainly due to the export orders, which is still waiting for clearances. There are some inventory due to the FGD business which suddenly closed down. So these have been some has been due to solar, which again slowed down. So, these are part and parcel of business and should not worry. This will all get solved. It's a matter of time.

Unidentified Analyst: Thank you, sir.

Unidentified Analyst: Sir, just wanted your thoughts on this FTA with EU, which will if it gets signed this year and gets implemented by next year, what are your thoughts on our export competitiveness? Can it reduce our input cost of some critical components? Or also can it be competition which can come into some segments like Nuclear or high Energy segments? I just wanted to hear your thoughts on that.

Rajeev Jain: Yeah. Talking of exports, I think it would not make much difference to us, because today we export to majority of the countries. The import duties are hardly there. In Europe, it is not there at all. So exports, the situation would not, in my opinion, not change or make a difference on their import barriers. However, for import for us, the products which we today are not manufacturing, it would give us an opportunity to push those products in the local market. Products which may be automation, a lot of automation which case with Germany does for European market and which we have not yet, let's say, started manufacturing in India. Those kind of products whether these are circulator pumps, high efficiency motors, IE5. So all those kind…

Unidentified Analyst: Sir, import duty right now on that?

Rajeev Jain: Import duty could be – it's not about import duty alone. There are so many surcharges, so many cost. So the normal cost, it comes to 15% to 20%. This is something apart from the logistic cost and things like that. So, there, I think we have an opportunity to push some products from our parent company in the Indian market. This would help us to do that. You talked about Nuclear, I don't think Nuclear would be more made in India, make in India.

Unidentified Analyst: Competition which can come into the country because of that.

Rajeev Jain: Yeah. But they will have to manufacture in India. Because Nuclear is some very having learned from of the past. I don't think they encourage more and more localization so that the dependence is not there, because nuclear is something which is a very government related policies and things like that.

Unidentified Analyst: Just pardon me for my knowledge. Actually, in this marine, which government is talking of huge on the ship building part, like what is the size of the opportunity maybe in, just can you give also any other segments like Data Centre? We don't know how much of value of a pump is required maybe in just some ballpark numbers for a Data Centre or a Marine or these emerging segments.

Rajeev Jain: And I say it always in anything that the pump portion in all these whatever you call it projects is a 3% to 5% is something of the total value of the project value. This is the normal ballpark or rough figure. But giving exact statistics is very difficult because you sometimes there are many projects announced, but what are being executed are sometimes less. But the potential is huge. It means…

Unidentified Analyst: Marine, they seem to be talking a lot and lot of this, I think most of the order book of all the ship companies are ship building are almost running 5, 7 years of order book.

Rajeev Jain: Very true.

Unidentified Analyst: What is our opportunity size? I just maybe I don't know whether you're getting orders from them or not.

Rajeev Jain: It's very difficult to sometimes forecast or predict these kind of. Why? Because it's not a range that we have ready and we start selling it from tomorrow. It's a range which gets developed. You have to get it approved from those naval bodies. You get selected, you have to make your supply chain and things gradually it will increase.

Unidentified Analyst: They want it for the commercial ship building also. They're talking of India reaching 10% of the entire ship building by 2047 and all that. It's a very aspirational numbers. But even if we achieve some part, we are not even 1% right now.

Rajeev Jain: Absolutely. Absolutely. If you ask me in our company, if we would reach a figure of INR 100 crore by next year, we would be happy. If I would say that to answer your question. 3% to 5% of my sales turnover in that business, we would be happy. Because we cannot go after every segment. You know KSB is present in every segment. So competitor who is focused in that business may do 20%, 30% of their business in that marine sector. But KSB would do selectively in that segment where they feel they would be competitive and could have a reasonable amount of share. And so, we would go for specific pumps which are critical and which are required and not in general purpose pumps, things like that. So our present share would be limited to those kind of products.

Unidentified Analyst: On the margin front, what should be your highest margin on a product and the lowest? What is the range?

Rajeev Jain: Highest margin, there is no limit.

Unidentified Analyst: You are always in this 13%, 14% margin.

Rajeev Jain: I never keep a cap on the highest margin.

Unidentified Analyst: Sir, Spare parts too..

Rajeev Jain: It's very hypothetical, I would say. Margin depends on what the market can offer and opportunity can offer and the customer can accept. Of course, if you talk spare parts are the higher margins business. Gross margins are much higher, 2 times, 3 times of our normal business, whatever we do for the new pumps. And minimum margin also is a very a bit sometimes, thing because you make sometimes take orders which are of strategic importance, where you want to create a reference, where you want to start a business.

If you are a new entrant in the particular business, you would definitely compromise on those margins, because you have a long-term strategy. And plus depends on plant loading, depends on your inventory. Everything, those are multiple factors. So sorry, I'm not able to give you an exact answer, but it depends on case to case situations. But general answer to your question would be aftermarket business has much higher margins. And our strategic business has the lower margins. And in between is our day to day and regular business. And this is how we say we want to have a EBITDA of 13-14%. This is our…

Unidentified Analyst: Current CapEx, what we have done is enough for how long? And what has our

Rajeev Jain: Our CapEx is a combination of sustenance and growth. So sustenance means old machine replacement and upgrading those machines. And the second is the growth, which we are seeing. So sustenance anyway we have to do continuously. And the growth, as you see in all these segments whether it is product development, whether it is nuclear, so this will continue to be there for the coming years, because if we have ambitious growth targets, it has to be backed up by investment in those areas as well. So whatever you see investment of INR 80 crores, INR 100 crores, INR 120 crores annually, we intend to do that.

And today, as I was mentioning to somebody, investment is not only in capacity or growth. It is today also in offices, for employees, for all the young employees who are there to create nice offices, nice atmosphere, and to create that good working place, safe, hygienic, and upscaling them is also a part of employee engagement. Because today, employee engagement becomes a very big part of our strategic measures. And so, investing in sitting capacity, investing in upgrading canteens or workplaces is also very important for us. And apart from that, service stations to invest there as well.

Unidentified Analyst: Thank you, sir.

Unidentified Analyst: Sir, hi. Here. Last year your receivable days kind of inched up a bit slightly different from the long-term trajectory. Have we seen any improvement? Has there been any difference in terms of trade or anything that you want to highlight?

Mahesh Bhave: Yeah. Like we discussed last time, this is meant to do to the solar business, what we elaborated last time. But we definitely see a good moment, I mean, this H2 actually. Because this depends on the fund's availability and documentation. Typically this goes to state governments and we are supplying to most of the state governments now in solar.

Unidentified Analyst: So it has not dramatically improved, but you're expecting things to improve?

Mahesh Bhave: Yeah. Dramatically it will not because this based on the average number of days as well as average sales, what we calculate. So, it will not happen dramatically, but definitely it's a good moment what we see in the H2 now this year.

Unidentified Analyst: And if I can summarize one of the reasons why your revenues are slightly on the weaker footing on the first half. Broadly, it's valves exports which is happening probably through The Middle East and probably the Solar segment which is kind of taken up back seat. These are the two main factors why your revenues are slightly on the back foot and if the crisis improves and exports kind of pick up then as you said things can gradually improve from here. Is this understanding correct?

Rajeev Jain: No, I think you're missing on the supply chain side. We had issues on the supply chain as well. So we could not get all the castings and the material what we needed to deliver for our thing. So that was also equally impactful.

Unidentified Analyst: And that you're saying almost 80%, 85% has been resolved.

Rajeev Jain: Correct. That is much better now and the supplies have started streamlined.

Unidentified Analyst: Sure. Thank you.

Unidentified Analyst: Just wanted to ask, have the exports come back on track in the last 2 months?

Rajeev Jain: No, not yet. Activity has started. There are inquiries and projects, but the results have yet to come.

Unidentified Analyst: So the inventory that you were holding at the end of June is still there. Is that still continuing to?

Rajeev Jain: Now, it's not to that extent. Some projects we are diluting and we are finding the ways to deliver it, not 100%.

Unidentified Analyst: And on the price increase front, while you mentioned that on the standard products you have been able to take some price and obviously on the project items it will be fixed price completely. So there's no force majeure that has been applied there. So has that situation improved now walking into the second half?

Rajeev Jain: No, it is price, the gross margin will be under the pressure to the extent of the project business which are under fixed price. So that pressure will be there. But that we want to mitigate by having a better sales, higher sales also, and optimizing our internal cost. We are running our internal cost reduction programs to on our fixed cost. So we have some mitigation measures.

Unidentified Analyst: But those are kind of slightly medium-term…

Rajeev Jain: No. It's also short-term. If we had planned events, dealer events, if we had planned many other promotions, all those things. So it's a short-term as well to safeguard our cost and the margins what we have.

Unidentified Analyst: So talking about cost, you also mentioned the first initially in the beginning that HANA allocations will happen from next year. So is that, first, I wanted to ask you whether HANA implementation will put any kind of, is that a risk to the operations in anywhere in terms of business continuity?

Rajeev Jain: So to clarify S/4HANA is mandatory as we upgrade from our present SAP thing. S/4HANA will bring lot of internal efficiency improvements in our process. Today, what happens is in SAP we have lot of workarounds. Because, the template we took during that time did not give us that flexibility or customization. So, all those issues we are trying to address, it will take time. Today, it is from we call it lift and shift from SAP to S/4HANA. The second step would be innovation where we improvise the process. So, we would gain a lot from internal efficiency, speed and optimizing those things.

And, yes, there will be an impact next year on S/4HANA, which will be in the OpEx. It will be coming next year. So this is definitely we would like to share this with all of you that whatever cost comes normally from changing over to SAP to S/4HANA, the same would be also applicable to KSB India as a part of sharing these costs from the group perspective.

Unidentified Analyst: Can you kind of mention cost

Rajeev Jain: I'm not able to say how much that amount would be today, because this is something which will be discussed in the board and agreed based on a normal process what it is. But it would be like any other company and plus any other global company where you have global processes and it would be that.

Unidentified Analyst: Will there be any change in the royalty terms with the parent going forward because of new technologies, new products coming in?

Rajeev Jain: You may be aware that KSB India signed the Advance Price Agreement, APA. So it was signed in this year. This means that all the guidelines are in place. And these APA regulations are valid for 5 years. So unless we want to get it, we apply for a change, which we will do for the S/4HANA cost, because at present APA regulation did not have that. But apart from that, nothing will change as of today as we see it.

The royalty or the license agreement is a part of our business. The proportion may go up depending on the new products which we build and make. But that is justified with the growth and the revenue we get out of those products. But as a percentage, you can't – yeah, it means these are now clearly laid down in this APA regulations.

Unidentified Analyst: So it's build it to the pricing per se and obviously no surprises on that part.

Rajeev Jain: No surprises on that part.

Moderator: Last question of the day. That brings us to the end of the session. Before it goes would like to thank the management for addressing the queries and thanks to all attendees for turning up. So would you like to say something..

Rajeev Jain: I thank you all for your very deep insightful questions. I think, every time I say that because it's also good to hear your perspective and your analysis, and hope we have been able to share this very transparently and very openly as we usually try to do that. And, can assure you that company has a good outlook, and with our presence in so many segments, whether it is Nuclear, whether it is Solar, whether it is Data Centre, all of their KSB is making its presence. So, we are looking for a good outlook, not short-term, but long-term. Medium-term and long-term also. Thank you very much.