KIRLOSKAR BROTHERS LIMITED
A Kirloskar Group Company

Manufacturing Pumps Since 1926
A Century Strong. Infinite Motion.

Enriching Lives

SEC/ F:26

November 4, 2026

BSE Limited
Corporate Relationship Department,
2nd Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.

(BSE Scrip Code – 500241)

National Stock Exchange of India Ltd.
5th Floor, Exchange Plaza,
Bandra (East),
Mumbai - 400 051.

(NSE Symbol - KIRLOSBROS)

Dear Sir/Madam,

Sub: Transcript of Conference Call with Analysts/ Investors on Unaudited Financial Results for the Quarter and Half-Year ended on September 30, 2026

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

This is in continuation of our letter dated October 21, 2026 giving intimation of the subject mentioned conference call and subsequently furnishing the web link for accessing the Audio recording of the said conference call vide our letter dated October 28, 2026.

In terms of the subject referred regulations, please find attached the transcript of the Conference Call held on October 28, 2026 with Analysts/ Investors on Unaudited Financial Results of the Company for the quarter and half-year ended on September 30, 2026.

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

Link: https://www.kirloskarpumps.com/investors/financial-information/analyst_meeting_transcript/

You are requested to take the same on your records.

Thanking you,
Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

Devang B Trivedi
Digitally signed by Devang B Trivedi
Date: 2026.11.04 10:39:46 +05'30'

Devang Trivedi
Company Secretary

Encl.: As above

Enriching Lives

“Kirloskar Brothers Limited
Q2 & H1FY27 Earnings Conference Call”
October 28, 2026

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 28th October 2026 will prevail.

Enriching Lives

MANAGEMENT: MR. SANJAY KIRLOSKAR – CHAIRMAN AND MANAGING DIRECTOR – KIRLOSKAR BROTHERS LIMITED
MR. ALOK KIRLOSKAR – MANAGING DIRECTOR – KIRLOSKAR BROTHERS INTERNATIONAL B.V.
MS. RAMA KIRLOSKAR – JOINT MANAGING DIRECTOR – KIRLOSKAR BROTHERS LIMITED
MR. BHAVESH CHHEDA — CHIEF FINANCIAL OFFICER – KIRLOSKAR BROTHERS LIMITED
MR. DEVANG TRIVEDI – COMPANY SECRETARY – KIRLOSKAR BROTHERS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Kirloskar Brothers Limited Q2 and H1FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

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

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

On this call with me, I have Mr. Alok Kirloskar, Managing Director, Kirloskar Brothers International B.V.; Rama Kirloskar, Joint Managing Director, KBL and MD KEPL; Mr. Bhavesh Chheda, Chief Financial Officer; Mr. Devang Trivedi, our Company Secretary; and Strategic Growth Advisors, our Investor Relations Advisors.

Let me begin with my remarks by giving some business highlights. I'm pleased to report that during the quarter, consolidated revenues grew by 24% on a year-on-year basis, reaching Rs.12,767 million. And for H1, our consolidated revenues grew by 19% on a year-on-year basis, reaching Rs.23,816 million. This increase underscores the strong demand for our products and services across various segments, both domestically and internationally.

EBITDA for the quarter grew by 16% on a year-on-year basis, reaching Rs.1,432 million with EBITDA margin standing at 11.2%. EBITDA for H1 '27 grew by 9%, reaching Rs.2,738 million with an EBITDA margin of 11.5%.

During the quarter, we also recorded healthy order inflows across both domestic and international markets. Our consolidated order intake grew by 68% year-on-year to Rs.20,472 million, providing continued visibility for future growth.

Turning to our standalone domestic business. For Q2 FY27, revenue increased by 23% year-on-year to Rs.7,991 million, while EBITDA grew by 37% to Rs.937 million. Profit after tax stood at Rs.544 million, reflecting a 45% year-on-year growth.

Our healthy order book, coupled with our focused approach towards high potential business opportunities, provides us with confidence in our growth outlook. We remain confident of delivering double-digit revenue growth in FY27 over FY26 for our standalone businesses.

As of September 2026, order book on the domestic front grew by 29% on a year-on-year basis, reaching Rs.29,264 million, which, as you know, excludes the small pumps order book reflecting a strong pipeline. Furthermore, we are seeing good order inflows across segments.

On the international front, we reported 24% year-on-year growth in revenue during Q2FY27. This performance was primarily driven by strong execution across SPP U.K., SPP USA and the Dutch Group, supported by the robust order book execution. SPP USA continues to witness encouraging traction in data centers, fire and HVAC projects.

EBITDA stood at Rs.233 million with an EBITDA margin of 5.3%. This moderation was primarily attributable to a lower contribution from the services business, which traditionally carries higher margins. We are actively focused on expanding the services portfolio, which we believe will support improvement going forward. Our overseas pending order book stood at Rs.17,013 million, reflecting a growth of 32%, providing strong visibility for the coming quarters.

Looking ahead, we are very optimistic about the company's growth trajectory backed by a healthy mix of domestic and international business, a robust order pipeline and continued focus on operational excellence. Our company is well positioned to deliver sustainable growth in the periods ahead. This is all.

We can now begin the question-and-answer session. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question comes from the line of Mahesh Bendre with LIC Mutual Fund.

Mahesh Bendre: Very strong performance on sales side and the order intake given the current environment. Sir, I have two questions. First is on margin side. In this quarter, I think domestically, we have done really well. But it's international pieces, which is actually lagging in terms of margin. So do you anticipate recovery to happen in the second half?

Sanjay Kirloskar: Margins to go up in the second half.

Mahesh Bendre: Sorry, sir, I didn't...

Sanjay Kirloskar: I said, yes, we do expect margins to go up in the second half as usual. But for the international business, and I'll ask Alok to explain it a little more, we are now in our third quarter and the current quarter will be the fourth quarter for them because they follow the calendar year as their financial year.

Alok Kirloskar: Just to add to that, I think one point which was mentioned at the start was that the mix this year has been slower in the U.K. for services. I have mentioned in previous analyst calls that we have, from an order point of view, bagged many more service contracts. But as I also said, it takes some time for us to finish the site evaluation and kick off the contract.

So we do expect more of those contracts to be kicked off in the current quarter, but definitely in KBL's fourth quarter, which is, of course, the first quarter of the international companies from

Jan to March. So I think that's the reason why it was mentioned earlier that the second half should have stronger margins.

Mahesh Bendre: Sure. And sir, the order intake has been very strong for the domestic as well as international operations. So is there anything -- I mean, we have observed in terms of such a -- I mean, given the current business environment, these numbers are very strong. So anything you would like to share on this?

Sanjay Kirloskar: I've always said that we shouldn't look at this company from quarter-to-quarter. And I have mentioned many times that sometimes large orders get delayed and I think I mentioned that last time. So yes, the orders come in when the customers are ready to place them. So the outlook is quite good.

I've always mentioned that this company will grow with India's economic growth. And I think customers recognize the fact that our products are superior to whoever else offers the products that we make. And I believe there's a growing recognition that not only are they the most efficient and reliable, but the quality is also good and they last for a long time. So I think we're seeing that from customers recognizing the premium products that we supply.

Mahesh Bendre: Sir, last question from my end. We have seen there is a huge shortage of water in Maharashtra and even at India level. So at some point of time, do you anticipate growth in the standard pumps to go up given the shortages in the water?

Sanjay Kirloskar: Yes, it should. It should go up.

Moderator: Our next question comes from the line of Raj Shah with ENAM Asset Management.

Raj Shah: My first question was on the margin front. Especially gross margins, if we see, it has seen a decline of almost 400 bps in both standalone as well as consolidated business. As you said, in the overseas business, especially U.K., there was a fall in service revenues. But when we talk about the raw material cost increase, can you please elaborate what was the quantum of RM price increase? And were we able to pass on if yes, and by what percentage?

Sanjay Kirloskar: Specially the price of copper, gun metal, steel, which are used in our products. And we have been able to pass them on to a large extent. But this also depends on product mix, how different products with different material costs go through during different parts of the year. So while we are able to pass on and we are the price leaders and always the first ones to increase prices, we expect this to get moderated in the next few quarters.

Raj Shah: Okay. Got it. Sir, relating to the U.K. business margins, just following on the previous participant's question, if you see the margins, especially in H1, there is 0% profit that we have made in specific to U.K. business. In FY'25, it used to be 12% EBITDA margins. In financial year '26, it came down to 7%. Do you think this year we can go back to, say, 5% to 7% range? I'm not asking for a specific number, but some direction because in H1, we have not made any profits in the U.K. business, which is close to 17%, 18% of the total revenues.

Alok Kirloskar: Yes. I think that this year, we will have a recovery in the margins if you look at KBL's financial year and even if you look at the U.K. year. It will not be like the financial year 2024-'25. But I think that the next year would be similar in terms of margins.

And the reason I say that is 2 issues the U.K. business has this year and one issue may continue. One, of course, as you highlighted earlier, is material cost. The material cost has increased in the U.K. by 7% to 8% -- actually 8% to be exact. And that's one aspect of it.

The second is that with the oil and gas business picking up again, the oil and gas business has a lower margin, but also requires a lot more specialized skill set to be executed. And so with the enhanced order book coming in of oil and gas in the U.K., we see that there's a drag in margins on the products. And there's an additional drag in margin because of rising employee-related expenses.

The benefits only come when the spare parts come of these businesses and that of oil and gas products, and that's really why we sell these products. But I would say there are 2 additional factors, these 2, which I mentioned, in addition to the fact that our service business has been down the first 3 quarters or in KBL's case, the first 2 quarters. And we only expect that partially to recover in this quarter and next quarter.

Raj Shah: Okay. Got it. So you expect H2 to be much better in terms of margins in U.K. business? Hello?

Sanjay Kirloskar: Yes, go ahead.

Raj Shah: Yes. Am I audible, sir? Hello?

Sanjay Kirloskar: Yes, you are audible. There's some other noise in the background.

Raj Shah: Yes. So next question, sir, was on -- relating to order inflow. You mentioned that the orders are lumpy and it would have been from the customers end the orders came together in Q2. But this Rs.2,000 crores order, sir, if you can give some breakup from which sectors you have received large orders? And what would be the execution period of this Rs.2,000 crores order inflow for this quarter?

Sanjay Kirloskar: We normally don't give order inflow sector-wise. But we do give pending order book position . So I think from there, you will be able to see the way the different sectors have behaved.

Alok Kirloskar: Page 12 of investor presentation.

Sanjay Kirloskar: Page 12.

Raj Shah: Yes, yes. I'm aware about the order book, right, sir.

Sanjay Kirloskar: Yes.

Raj Shah: Okay, fine. And last question, sir, was relating to the drought situation in the country. There are multiple states like Gujarat, Maharashtra, even Karnataka, Andhra Pradesh, Rajasthan. They have announced drought in various of its districts. So as a business, from a broader perspective,

how do you see this impacting our business? Or if you can also elaborate what quantum of our business is directly proportional to the rainfall?

Sanjay Kirloskar: Number one, if the states are going to do something, it's going to take some time. And water has to be there in order to be pumped. I'll leave you with these 2 thoughts. So number one, it will be state managed. And historically, we do not take orders from state governments. The state governments will have to place orders on EPC contractors. And by the time they are ready, we will be ready to quote to them.

As far as smaller pumps are concerned, yes, I think the retail side pumps will move going forward. Historically, third quarter for the company is a good quarter. And maybe with drought-like conditions, the requirement for retail pumps would be good.

Moderator: Our next question comes from the line of Manish Goyal with Thinqwise Wealth Advisors LLP.

Manish Goyal: I have a few questions. One on the if we probably look at standalone growth of 23% and in the press release, we have mentioned that small pumps have grown 12%. So a couple of questions around this. One is on this 12% growth in small pumps, how much would it be driven by the price hike which we would have taken probably in -- I think since Jan, I think in last call, we had mentioned we had taken 10% price hike.

So maybe in this first half, what would be the scenario? How much would be the volume growth? And also related question is that if total revenues have grown 23%, then it implies that your madeto order and engineered to order would have grown much stronger. And what could have driven that growth? Is it -- because oil and gas has seen a sales jump of 5x price as per press release? And is it like completely driven by petro pumps, some of the old orders which we had last year, which got carried forward and maybe other areas which is driving this?

And now with very strong order book on hand, do we expect that this execution momentum to continue in the second half for us to probably do better on the double-digit growth guidance what we have given? So that was one set of the question. Yes.

Rama Kirloskar: Hello?

Manish Goyal: Hello.

Rama Kirloskar: Am I audible?

Manish Goyal: Yes, now, ma'am. You're audible.

Rama Kirloskar: Yes. So we have seen a rise in both the volume and the value for that 12%. So -- and we do see strong growth because we do notice that other players in the market are having issues with supply due to various issues that happened earlier: foundries were shutting down, the LPG shortage, change in wage code. So I think that puts us at a good price point in the market today. So we do believe that we are enhancing our market share. And that's what...

Manish Goyal: So Rama, can you just give us some broad perspective, how much would be volume growth and value growth?

Rama Kirloskar: So you can say 50% because of value and the balance because it has come through volume.

Manish Goyal: Okay. And my other question was that related in terms of the higher growth what we have seen, what would have driven growth in the customized pump segment, number one. And number two, despite the -- logically that customized pump usually offers better margin to us. So why is it that not reflected in the margin improvement? Because sequentially, we have seen the margin declined from 11.3% to 10%. So that -- and what is driving this strong growth? And how do we see going forward?

Rama Kirloskar: So we are at a very unique time when we see both the retail business and the capital goods business doing well. Capital goods is mostly doing well because of all the geopolitical uncertainties happening. And therefore, we are seeing orders in oil and gas, in fertilizer. We have seen orders in power. And that's one of the reasons why you are seeing a large order booking there.

As far as the margins are concerned, it is a function also of the sales value. And we do have large consignments that are yet to go out. And that's one of the reasons why the inventory is also a bit higher. We expect this to go out in the subsequent months and that should contribute to both the inventory reduction as well as higher margins.

Manish Goyal: Yes. In fact, I had a related question also that even in Q1, we had seen our inventory going up. And in first half, the balance sheet number also shows that working capital has increased significantly by roughly Rs.225 crores in the standalone and Rs.250-odd crores in consolidated. So like -- because in Q1, I think you had mentioned that there were some spillover issues of the foundry modernization and some orders were not dispatched.

Rama Kirloskar: Right.

Manish Goyal: So how is the...

Rama Kirloskar: No, so those orders have gone out. If you see now, a large part of the order book is because of the large capital goods sectors with long lead time, right? So they can be anywhere between 8 and 12 months. So in preparation to get dispatch those orders, we had to obviously buy a lot of the raw material and associated bought-out components and start processing. So that's one of the reasons why you see a high inventory there.

Manish Goyal: Okay. Okay. And you expect that this should get probably liquidated in Q3 and Q4?

Rama Kirloskar: And I'm sorry, Manish, one more point. Most of that inventory now is in WIP because obviously it's been processed to send out.

Manish Goyal: Okay. Okay. And in the press release, we have mentioned that in power sector, we have received orders from nuclear sector, 10 numbers of primary circuit and 57 numbers of canned motor pumps. So what would be the value of these orders? Because sequentially, the power order book has gone up from Rs.600 crores to Rs.700 crores. So what would be the and no doubt the execution would have also happened in the sector.

So what is the order value of this nuclear? And maybe if you can tell us that which nuclear project is it pertaining to? And also for nuclear, like probably we were at final stage of getting approval for primary coolant pump. So is the testing over? Have we received the approval? And when do we expect to deliver this development order?

Sanjay Kirloskar: So the nuclear power plant orders are for canned motor pump and for primary side safety package that we have received. I think the value for both the packages would be around Rs.60 crores or Rs.70 crores. I don't have the exact number, I'm sorry. But these are safety package and canned motor moderator pumps that we've been historically supplying. The good thing is it looks like pumps are starting to get ordered for nuclear power plants.

I think there was a statement also something came in the press that now some 32 pumps, primary coolant pumps, are going to be ordered by NPCIL. And as far as we are concerned, the only thing that I said we haven't achieved was the material. I'm happy to say that we've been able to also prove out that we meet all the material requirements. And therefore, we should be qualified to participate in the tender and hopefully get the order.

Manish Goyal: Okay. Okay. And how soon this tendering would start, sir? Any sense on that?

Sanjay Kirloskar: I think the tender has been issued.

Manish Goyal: Okay.

Sanjay Kirloskar: Decisions, I don't know how long it will take because since it's coming after a long time. I'm sure there will be pre-bid meetings, which would be going on now.

Moderator: Our next question comes from the line of Pratik Kothari with Unique PMS.

Pratik Kothari: Sir, one question to Alok. So this shift that you are attempting towards utilities and services, given what is happening on the pet-chem and the oil and gas side of things, so from your comment, this is only a delay, right? This is, again, no change in what you're intending to do and hence, the reflection in margins, et cetera. This is purely a delay and no cancellations or no change in direction.

Alok Kirloskar: Yes. I mean we already have the framework contract, as I mentioned. But it takes us some time to do the ground assessment because what we normally do is we go through all the assets. Most of them are not our brand. There are some other brands. And we have to establish with the customer their state. Whether they're in a desperate state or they can be refurbished or repaired because finally, we have to come to a budget because it's normally a 3-year or a 5-year contract, many of the are water one contracts.

So after we agree on those things, then we can start the contract. After we start the contract, then whatever we've agreed on for that year, we start working on. Either it's refurbishments, we start bringing it into our service centers. If it's replacement, then we replace it; whatever we've agreed to do.

So that's why I mentioned that it's taking a little longer for it to start, but it has started in this quarter onwards. And we expect it to probably hopefully get a little bit more steam next quarter because as those contracts come into effect, you start getting that change in mix.

Pratik Kothari: Correct. And also after a long while, we have seen very strong inflow again on the international side of business. Anything specific that is driving this?

Alok Kirloskar: I would say one is oil and gas has picked up again. And there are many projects that we have already in Qatar for North Field, NFPS, as well as we have generally in the Middle East with ADNOC. Also, we have got the projects in Guyana for the upcoming fields that are going to be commissioned slowly over the next year, 1.5 years, which is jobs like Camino. So I would say that's picked it up a lot in terms of new opportunities.

The other area we've seen a jump in is data centers. So even now Europe data centers have started. So in Portugal, there is Sines data center, which has now gone for expansion as an example. It's Europe's largest data center. So I would say it's the pockets like these that are sort of giving the growth.

AMP8, which has started, but AMP8 is not yet giving that kind of number that you would see over here that would be noticeable as of now. But we hope that AMP8 picks up because AMP8 is quite a big scheme and it's a 5-year scheme, as I mentioned, which is the asset management program 8 in the U.K.

Pratik Kothari: And last clarification. You mentioned next year margins would come back. So this -- again, just to clarify, this is absolute numbers that we're talking about, right? So percentage -- I mean, for a while, at least we'll not see a percentage coming back?

Alok Kirloskar: No. I mean absolute numbers, probably similar if you go back to calendar year '24 for U.K. or if you go by KBL's year then '24-'25 for SPP's numbers. I mean more like the physical numbers, it will be comparable because we have slowly building up that pipeline. But as I mentioned, with the intake of oil and gas projects, which, of course, have lower margins as well as higher ERE to execute those projects, the margins may not recover next year.

Maybe you will probably see that more in the following year, if I were to make a forward projection. But it's difficult for me to make that exact projection right now because as you're aware, there are a lot of upcoming jobs coming up in petrochemicals and on midstream and upstream. And we would want to have those jobs because of the future spare parts that come from them.

Moderator: Our next question comes from the line of Prolin Nandu with Edelweiss Public Alternatives.

Prolin Nandu: Alok, my question is to you, right? On this U.K. business, right, even if I look at this quarter's numbers as well as the first half numbers, the growth on the top line has been extremely strong, right? And you mentioned that this is coming despite the fact that the service element is not as strong as it was last year. So what is driving this strong growth?

And you have also mentioned the AMP contract is not yet in the numbers, plus some of the other water contracts are also not in the numbers. And in the past, you have also mentioned about this whole deindustrialization, which is going to take place in U.K. as well, right?

So despite those things not in numbers, despite the headwinds of deindustrialization, we are seeing extremely strong growth in top line. So is it more the currency part? Or is it the actual like-to-like numbers are also very healthy? What is it that is driving such strong top line growth?

Alok Kirloskar: I would say that the top line growth, there is a currency factor, of course. But I would also say that you are seeing those coming in from the oil and gas division. And the margins in the oil and gas division, as I said, were not so healthy.

So we see -- yes, we see a lot of jobs coming in on oil and gas. We are executing those jobs. A lot of those jobs have come in from the U.S. like Louisiana, there are a lot of new gas fields in Louisiana, that have come into effect. And CP2 is a big example or major examples of -- Plaquemine is an example of that.

So we do see those coming in and the margins on those have been healthy, but they're nowhere close to the service side of the business and not even close to the water side of the business. But those are big jobs. And like I mentioned, the spares and service revenues from those jobs later is what we are after. So that's really what's driving it.

There's a boom in the U.S. in the gas field. There's a boom in Guyana in the oil and gas field. And there are jobs also being happening currently in Qatar, specifically in Northfield, NFPS, which is a North Field sustainability field. And as you know, L&D got comped for. But SPP as a company has got COM2, it has got COM4, it has got COM5. And COM2 and COM5 after all, which is compression platform 2, 3 -- say, 2, 4 and 5, are -- out of that 2 and 5 up with Saipem.

And we've got all of them because COM1 and COM3 did not have any pumps on it. They were just drilling platforms. So I would say that all these are areas that we see growth from and that's where you're seeing that growth. But unfortunately, we don't see the margins at that level from that growth.

Prolin Nandu: Right. So, Alok, to understand this correctly, you are saying that this is more like the export, which is happening from the U.K. subsidiary to U.S. to Guyana so on and so forth, right, rather than domestic growth? Am I correct in that understanding?

Alok Kirloskar: Yes, yes. Domestic growth is finished because at electricity price at Rs.30 a unit, the domestic market is completely finished. There is no pet-chem. There is no petrochemicals.

As you saw, there is no new drilling happening. Jackdaw was recently given approval, but those are readymade vessels that are being brought into the North Sea. So the U.K. economy from industrial side has nothing left.

Prolin Nandu: Right. And so what will happen locally in U.K. would come more from AMP8, right? Is that also understanding correct?

Alok Kirloskar: Yes, yes. AMP8 would be the main domestic business. And the other big domestic business that we have strength in the U.K. is industrial fire. And the reason we see growth in industrial fire is because local production units are dying. Everything is being imported and you need warehousing. And so huge amounts of warehouses are coming up everywhere. And for now importing material that at one time was made in the U.K. And that's why we see a boom in warehousing. So all warehouses need fire pumps.

So I would say that that's really where we are seeing the boom from, from warehousing. We're seeing it in water. But I mean, I'm sure all of you would have seen the letter from Jim Ratcliffe, who owns INEOS, that it's not possible to make chemicals in the U.K. and Europe anymore at the price of power with -- mainly because of the price of renewable power.

And based on that, the way they've priced overall power that most chemical industries will not survive anymore. And I think he's given a letter, open letter, which, in fact, one of the investors forwarded to me. So I'm sure all of you are aware that's the condition of the industrial side in the U.K.

Moderator: Our next question comes from the line of Saurabh Mehta with East Lane Capital LLP.

Saurabh Mehta: I wanted to understand on the nuclear power opportunity a little bit better. There will be a little bit of repetition, but still asking again. So, sir, we've seen the tenders are out for 32 numbers of PCP for 3 plants. So we said we are technically approved. Could you just elaborate a little bit more on that? Do we have access to the test bed? What about our sourcing for the large casting for the primary coolant pump, I think that's a hurdle with other than one competitor, all others are facing? So some clarity on that.

And some rough timeline on when -- so what we read on the tender is the bids are supposed to open on 21st January '27. So will this be the financial bid or the technical bid? And lastly, how many orders realistically do we expect to win out of this? So this is my first question, sir.

Sanjay Kirloskar: Okay. You've seen the tender, is it? Have you read the tender?

Saurabh Mehta: Sir, I have seen a few documents which NPCL has uploaded regarding this -- the motors, the PCP and there are 3 things in that, the sheets. So I've seen that document.

Sanjay Kirloskar: Okay. Because if you've seen the document, I think how the orders are going to be placed is also in there which I would not like to disclose on an open call.

Saurabh Mehta: Sure. Sure.

Sanjay Kirloskar: But the first bid is going to be at NPCIL. I think -- or BRC, BRC or one of the...

Saurabh Mehta: The Tarapur one or...?

Sanjay Kirloskar: Yes, yes, the Tarapur one. And I think the first pump that they have got still hasn't been tested. But I hope that doesn't come in the way of when the deliveries for this start. The castings that you mentioned, yes, we've gone past that. We've passed that test and we found foundries who are capable of doing it and we expect not to have a problem.

And I didn't know there was a date on which that financial bid or that technical bid was going to be opened. But I guess, as usual, it will first be the technical bid, so that all of us are brought on the same level, and then the financial bid would be opened.

Saurabh Mehta: Got it. Sir, my second question is just a little bit more general and qualitative. Wherein I feel we've added quite a bit of new segments, more attractive segments, which are less competitive, say, petrol pumps. Thermal has like revived in a big way. Nuclear is upcoming.

So should we be thinking -- and also a strong order book. So should we be thinking of a 15% margin in the coming years in probably 1, 2, 3 years that that should be our aspiration to reach?

Sanjay Kirloskar: Your guess is as good as mine. I believe that there will be enough competition because everyone will be after these orders. And everything, if it gets bunched up, then hopefully there will be no capacity. If there is no capacity constraint, then the prices will be very competitive because again, over here, there will be a spare sale in the energy business, power business. So everyone would like to have a population in there, which can generate spares for many years to come.

So yes, I think it depends on each one of us, how our operations are, how tight our operations are, how good the material cost, what happens with the material cost because as you're aware, these pumps take a long time to be delivered. We will quote. Obviously, all of us will quote appropriately and we are not in business to make a loss. But how much the margins will be, I can't say right now.

Moderator: Our next question comes from the line of Bharat Sheth with Quest Investment Managers Private Limited.

Bharat Sheth: Can you give some color on the capital goods side, which are the sector which is driving, I mean without giving any numbers in your fair opinion in next current time and over the next 12 months? If you can give some assessment which is driving our capital goods business.

Sanjay Kirloskar: It is thermal power is driving it. I think as nuclear power will also, I think, drive it into the future. Also oil and gas will drive. And you're talking domestically, right?

Bharat Sheth: Correct, correct.

Sanjay Kirloskar: Yes. And I think anything related to infrastructure, whether it is water, whether it is our building boom that is taking place, that also does drive industry drive.

Bharat Sheth: And about the data center, can you?

Sanjay Kirloskar: Data centers, I think, are just about starting in India. Fortunately, because of our overseas presence, I think we will be able to offer the best products in India.

Bharat Sheth: Sir, I mean, coming back to again in data center. I mean, since we have approval for this nuclear power, so how we see that there is a lot of talks are going on for SMR power for data center in U.S.? So do we have anything to play over there in SMR side, small modular reactor?

Sanjay Kirloskar: Well, I think last time also I mentioned, there are basically 2 small modular reactors available that are running in the world. One is in the Arctic Ocean on a barge in Russia. And I think China has just commissioned one. GE Westinghouse has made some, but I don't think they will be available till 2033. So yes, there are many American start-ups that are trying to supply their SMRs. But currently, they are all just PowerPoint presentations. I don't think anyone has one.

There was one company called NuScale that has gone bankrupt. There was another company called Holtec, which the last thing I heard about them was their IPO got delayed. So I know that DAE is also working on one. And I believe that DAE will be able to also have their SMR ready in the same time frame.

Bharat Sheth: Okay. Sir, and this question is for Alok. So Alok, when we want over a medium term, say 3 years' time frame, how do we see the service business contribution overall that we are expecting the kind of a framework contract we have?

Alok Kirloskar: Over a 3-year cycle, we are expecting that for KBI BV level we should get up to about 40% of our total business and that's our target.

Bharat Sheth: And currently, how much?

Alok Kirloskar: Currently, I mean, we've given at KBI BV level, but at SPP level, it's about 35%, SPP U.K. level. And we want it to be 40% at KBI BV level. So that's where we're trying to get it to.

Bharat Sheth: Okay. And which are other sectors that are we seeing from U.K. business that will drive our growth apart from oil and gas?

Alok Kirloskar: We're seeing data centers. So we are seeing more and more traction in data centers. We've got more approvals with the operators, but also now slowly with the private equities like Brookfields and others who we have approached to speak with. So I think that we have more opportunities in data centers. That would be one area.

The other area that we see is water supply. So we are getting more traction also in water supply, both in the Middle East. Of course, U.K. is the AMP8. But also in the Middle East and also in Benelux, which is Belgium, Luxembourg and Netherlands. So we are seeing a lot of traction there with Britain's Water Group, Dunia, which are large water companies. And we've even signed a service agreement with Britain.

So that's a good way for us to start building that same kind of relationship like we have in the U.K. in the Benelux region to answer your question, I would say data centers, water and service are 3 areas that we see that we can have more traction in.

And on the industrial side, in Europe we're looking at all the new technologies in industrial, including things like green steel. So as you might know, Stegra Green Steel has our pumps in it because we had the first mover advantage and our technology is well suited for that. So we believe that in these new technologies, we have a good chance. And that's where we're positioning ourselves, so that we are not competing down at the bottom, but really on premium at the top.

Bharat Sheth: And how big is this fire pump market?

Alok Kirloskar: The fire pump market, I mean, at a worldwide level is probably close to $0.5 billion. So it's a large market, but also it's a competitive market because in some segments, you have FM, UL, factory mutual, underwriter laboratories. And over time, we're seeing that a lot of Chinese companies are just getting the accreditation.

So a lot of customers, not the top end customers, but probably the bottom end customers, are accepting any company on any product that just has the accreditation because FM, UL is stamped. And they only need it for insurance purpose, so they accept the cheapest.

So we do see that it's getting commoditized at that level, because people are just saying, oh, if the stamp is there, then it's fine. And we have been talking to FM, UL as well to say that they really need to audit not just the plant, but also the sites because very often, it's our opinion that a lot of the pumps are not working to what it was credited for when it left the plant for some companies.

And given that FM is an insurance company, it's also in their interest for them to review that. So I would say that that it's a big market, but slowly with FM especially, it's getting commoditized.

Moderator: Our next question comes from the line of Shyam Maheshwari with Aditya Birla Mutual Fund.

Shyam Maheshwari: Congratulations on a very strong top line and robust order inflow. I had a couple of questions. Firstly, on the standalone side, what we've seen is some sort of gross margin compression. And while the team has alluded it to a sales mix, I wanted to a little bit more light on what is it referring to. Is it that maybe a few of the legacy contracts at earlier prices got executed this quarter? And maybe the newer contracts that we have won would now be at higher sort of pricing with the commodity price inflation and that should then normalize over the next few quarters?

How should we kind of think of gross margins, particularly on the standalone side? And if there is any major differential between the small pumps and the engineering margin mix that sort of came in this quarter?

Sanjay Kirloskar: No. So I explained that it's the rise in commodity prices that has done it. And it's nothing to do with any legacy orders having been executed during this quarter. It will normalize going forward. And there's not much that way, difference between small pumps and the other pumps. There's no change in the composition of the turnover, which would change the gross margin.

Shyam Maheshwari: Interesting. And with the pricing sort of benefits that we are now taking in, that should normalize going ahead would be?

Sanjay Kirloskar: Yes.

Shyam Maheshwari: Okay. Understood, sir. Sir, secondly, on the order inflow and very robust inflows touching about Rs.2,000-odd crores for the first time. So congrats on that. Just wanted a little bit understanding whether there were any couple of large orders that led to this? And is this sort of inflow now sustainable? Are you seeing enough pipeline of order inflow as well going ahead as well?

Sanjay Kirloskar: There was no such single large order. I mean, nothing material as it is defined. So these are many orders of smaller size that have been received. Like I said a little earlier, some should have come in in the previous quarter. But we don't recognize orders until the commercial terms are to our satisfaction. And therefore, while the customers do place orders on us, we do not recognize orders until everything is as we want the orders to be like, the commercial terms and the price. So yes, that's what it is.

Shyam Maheshwari: Got it. And one question for Alok as well. So on the SPP side, our earlier guidance was maybe margins normalizing in the second half of this year. And considering the strong product pull-through that we are currently seeing, maybe that gets delayed by a couple of quarters. But from a trajectory perspective, do you still think H2 would be materially better than H1? Are we going to see that trajectory actually playing out in this year itself? Or maybe that is also kind of pushed out to the next year?

Alok Kirloskar: I think that it will be better than H1. When you say materially, I don't know what you mean by that, but definitely noticeably it should be better than H1.

Moderator: Our next question comes from the line of Mohit Surana with Monarch Networth Capital.

Mohit Surana: Perfect. Sir, my question is, just one comment. In the last earnings call, you informed that there could be some opportunity for us our data center contact that we would...

Sanjay Kirloskar: We can't hear you very well, sorry.

Mohit Surana: Just hold on. Am I audible now?

Sanjay Kirloskar: Yes, much better.

Mohit Surana: Perfect. My question is to Mr. Alok. In the last earnings call, we were informed that there could be some significant order coming our way through some collaboration with a large data center EPC operator in the U.S. and it could be a significant order. Sir, any update or color on that? I think that will be really helpful.

Alok Kirloskar: Yes. We are signing the framework for that. So once we sign, maybe I can disclose who it is. But until then, I can't disclose who they are. And it's not a single job. But it is many jobs because then we will be the primary supplier to them for all their data centers and they are one of the large operators. So that's the thing what I mentioned. So we are in the process of progressing our framework agreement with them for -- in terms of...

Mohit Surana: Sir, any timeline you can share?

Alok Kirloskar: Sorry?

Mohit Surana: Any timeline you can share by when this framework agreement can be signed?

Alok Kirloskar: No. I mean it's taken us also a long time. So I don't want to share a number -- a timeline that I'm not -- that is not really in our control, because being a very large operator, sometimes they put very stringent conditions. And we are in discussion and negotiation on many of those conditions,

because while the business is quite large, at the same time, we want to ensure that we're not doing anything too risky.

Moderator: Ladies and gentlemen, due to the time constraint, that was the last question for today. I now hand the conference over to Mr. Bhavesh Chheda for closing comments. Thank you, and over to you, sir.

Bhavesh Chheda: We thank everyone for joining the call today. We hope we have been able to give you a detailed overview of our business and also answered your queries. Should you have any further queries or clarification, please feel free to reach out to SGA, our Investor Relations Advisor. I would like to end wishing you a very Happy Diwali and a prosperous New Year. Thank you very much.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Kirloskar Brothers Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.