

6th March, 2023

The General Manager
The Corporate Relationship Department
BSE Limited
1st floor, New Trading Ring,
Rotunda Building
P J Towers
Dalal Street, Fort
Mumbai 400 001
BSE Scrip Code: 500249

The Manager
Listing Department
National Stock Exchange of India
Limited
“Exchange Plaza”, C-1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051
NSE Symbol: KSBPUMPS

Sub: Transcript the Institutional Investors Meet

Dear Sir/Madam,

In continuation to our intimations dated 24th February, 2023 and 1st March, 2023 enclosing herewith the Transcript of the Institutional Investors Meet held and participated on 28th February, 2023.

Kindly take the same on records.

Yours faithfully,
For KSB LIMITED

Shraddha Kavathekar
Company Secretary

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

Moderator: I welcome you all for the Investor Meet of KSB Limited. It's our pleasure to have with us the KSB Limited Management today. As we all know, the KSB is part of KSB SE & Company, world's leading supplier of pumps, valves and systems. In India, it got founded in 1960. The company is amongst the top 10 players in the industry, industrial pumps and valves. It manufactures the wide range of pumps for agriculture, wastewater management, energy, which is nuclear and conventional power, oil and gas sector. It also supplies pumps to other industries like paper, household sector, textile, pharmaceutical, landfill processing. With pleasure, I introduce the management on the right, Mr. Rajeev Jain, Managing Director; and in his right, Mr. Mahesh Bhave, CFO of the company.

I would like to hand over the mike to management to address the audience with the brief presentation, which will be followed by Q&A. Thank you. And over to you, sir.

Mahesh Bhave: Good morning all. Am I audible? Thanks for joining this and thanks ICICI Securities for arranging this. Before I start a cautionary statement regarding forward-looking statements. This presentation may contain certain forward-looking statements relating to the company future, business development and economic performance. Such statement may be subject to number of risks, uncertainties, and other important factors such as, but not limited to competitive pressures, legislative and regulated developments, global macroeconomic and political trends, 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 which could cause actual development and result may defer materiality from the statements made in the presentation. The company assumes no obligation to update or alter forward-looking statements, whether as a result of new information, future events, or otherwise.

So, today we'll be covering our organogram, KSB India presence, KSB India applications in India, success stories, major development in 2022, market penetration. Top 10 customers will discuss customer approvals completed in '22, order intake overview, net financial position, major investments, revenue trend, profit trend, EPS trend, branding activities exhibitions, and last but not least, ESG activities.

So we start with organogram, Mr. Jain who is present with me, he heads KSB India. I'm heading Finance, Mr. Shirish Kulkarni, who heads HRD; Mr. Bhatena, who heads Sales and Marketing; Mr. Patil heads Nuclear Operations; valves is headed by Mr. Raja; Mr. Philip heads Quality; and Mr. Seshadri heads PMPS; Mr. Sunil Bapat who heads Standard Agricultural and Solar Pumps; SupremeServ is headed by Rajesh Kulkarni; and Mr. Watve who heads Purchase and Foundry Operation. So this is the senior management team.

We go to the regional presence of KSB India. So we have seven manufacturing locations. We will go in detail, four zonal offices, 14 branch offices, five service stations, more than 200 authorized service stations, more than 1,000 authorized dealer who spread all over the country. And of course, we have licensing office in Bangladesh, and we have business through dealers in Nepal as well as Bhutan.

So with this, we go to our Energy Pump Division, EPD which is in Shirwal, which leading to energy pumps, as well as nuclear pump manufacturing. We have Irrigation & Process Division, IPD which is in Pimpri, which is into standard as well as project pump manufacturing. So this is inside the Pimpri plant photographs. We have SupremeServ and Central Warehouse in Chinchwad. So here we are providing services, that is one. Second is repair pumps, and third is we are the central warehouse. These are the inside photographs of the Central Warehouse and SupremeServ.

Standard pump, Nashik, this is in Sinnar, in the Nashik and we have a manufacturing plant for Standard Pumps, which includes domestic as well as Agri. Foundry division, backward integration we have this CI as well as steel foundry in Vambori, near Ahmednagar. These are the inside photographs of foundry. And we have valves factory in Coimbatore and these are some inside factory photographs of valves factory. We have MIL as our associate company, which is in Kerala, which is in the manufacturing of valves and these are control valves basically. These are some of the photographs of MIL factory.

KSB Tech, yes we have engineering again, associate company, KSB Tech Private Limited. They're into engineering services and IT service support to the global KSB Companies. This is situated in Pune City. These are some of the photographs of KSB Tech office.

Going forward, KSB India applications. So we are into energy. So this is high pressure, multi-stage pumps, vertically line pumps that get

globe check valves and ball valves and applications are boiler feed application, condenser, extraction, et cetera. We're also into a general industry, which includes end section pumps, process pumps, non-clog pumps, high pressure multi-stage pumps, et cetera. An application again, boiler feed application, oil and gas, sugar, paper and pulp, petrochemicals, et cetera.

Going to water and water, this includes submersible pump sets, Open Well Monoblock pumps, Mini Monoblock pumps, solar products, again GGC & ball valves. Applications are irrigation, farmhouses, firefighting, drinking water supply, et cetera.

We are also into wastewater. This is submersible motor non-clog pumps, horizontal non-clog and suction pumps. Again, GGC & ball valves, now these applications includes various types of municipal and industrial wastewater, sewage [indiscernible] [00:06:53] transfer treatment, stormwater drainage, dewatering, et cetera.

Construction submersible pump set, Open Valve Monoblock pumps, Mini Monoblock pumps, dewatering pumps, booster systems, et cetera. And applications, drinking water supply, firefighting, HVAC, that is HVAC et cetera. SupremeServ as we discussed, this is covered spare parts where we are have a central warehouse, repairs, field service, modernization, and replacement pumps, which is again, a very important activity.

Yeah, moving forward, a success story. Good news, which is of course, we declared maybe few months back that now the IPR transfer is successful and we have got this transfer of technology from BPCL, this is a solar exclusive. So we are now solar exclusive owner of technology for the products manufactured by BP&CL.

Moving ahead, some of the other success stories and major developments in '22. So highest order intake 20,456 mile for '22 in conventional business, highest ever sale 18,083 mile in '22, similar plant, which is again cross ₹600 crores and our Coimbatore plant, again crossed ₹300 crores, so these are all milestones which we achieved. As I mentioned, BP&CL IP Rights acquisition, significant improvement in KSB voice employee engagement score. So this score has improved from 64 to 78. Again, a great milestone to achieve in employee engagement.

NPCIL order, which we discussed last time, eight reactor coolant pumps worth ₹5,013 mile for Kaiga 5 and 6 reactors. Good growth in

Mechanical Seal business. And we see a very good progress in sunrise sectors like firefighting, solar, defense, railway, life science applications. We are open to new branches in Patna and Guwahati and the licensing office as we discussed in Bangladesh, new E2E solutions, that is for eSales rollout, that is completed integrated website and web shop and new valves learning center, we'll see the photographs of the valves learning center.

So this is inaugurated this year, and this is very interesting. Visitors can learn all about valves, not only virtually, but also through handsome work, through a comprehensive collection, cut models, assembly table and course material. Valves Steering Committee meeting, workshop and business promotion of control valves. So this was done in the MIL campus.

Yeah, moving forward, market penetration. Top 10 customers you can see compared to '21, '22 few customers like Megha Engineering, IOCL, they have come in our top 10 based, Thermax continues to be there, BHEL and we have certain dealers also like Rishab, Pooja and Patil and NTPC and Thyssenkrupp. They continue to be in the top 10 list.

Few customer approvals, which we got for our plants, Pimpri plants we got it from for Siemens and DGQA, Thermax et cetera. For EPD, again, for Siemens, DGQA, Thermax et cetera. And valves, we got this Mitsubishi Japan that is approved by customer and PED surveillance audit as well as PER. And foundry division, we have got approval from NPCIL.

Okay, this is an interesting slide, which gives us sector wise, industry-wise, order intake bifurcation. We can see the standard pumps, which is actually reduced a bit from 48% to 46% compared to '21. And we can see engineered pumps, which is actually increased from 19% to 25%; SupremeServ, more or less same 15% to 14%; and valves, we can see slight reduction compared to '21.

Yes, net financial position, we can see a reduction. I will come to the reasons mainly as the CapEx, what we have invested from the internal accruals, including the IPR rights. So net financial position has reduced from ₹358 crores to ₹262 crores. Major investment, so this includes IPR right acquisition and admin building-related constructions and patent-related investment, employee cars and other miscellaneous CapEx. Of course, this includes nuclear localization investment also. That is ₹17 million.

You can see the revenue trend. We are growing and from 14,937 now we have achieved 18,220 in revenue, this is revenue from operations. Profit, yes. So we are growing revenue, maintaining the profit growth also. So profit has grown from ₹107 crores to ₹240 crores compared to '21. And you can see the growth, EPS this is again, you can see in 2010, we were at 33.5, just as a comparison from 2010. And now compared to 42.1, we have achieved 51.5 in 2022, some of the branding activities, Indian Plumbing Conference and Exhibition, which held in Pune. Then we had this Tech Expo at Vapi, Gujarat, Amptech India Pharma & Lab Expo which held in Visakhapatnam and [indiscernible] [00:12:52] which is held in New Delhi. So here, like footfalls, we had stalls and we had visitors from the respective industry and was a good interaction breaking ahead the business and networking.

Yeah, some of the ESG activities, environment activities. So, with aim to carbon footprint reduction of KSB India successfully commissioned the biogas plant for the food waste generated in canteen of EPD, which is in our Shirwal plant. And of course, some of the other activities like we have this electric vehicle, which is there we are using for interplant transfer, rainwater harvesting and LED bulbs in our offices and shop floors. Environmental initiatives, of course through plantation, deep irrigation and gardening, certified green building.

Social initiatives, we had some cultural events, in fact across all locations, sports tournament, outbound programs, health and wellbeing, communication meet like open forum, and we could see the results, as I mentioned in our KSB voice, we have improved the employee engagement score also. So with all these activities and involvement of employees is increased, which is a good sign.

Social initiatives, which includes again this is a continuation of employee engagement and welfare. We had good state-of-art of offices at Chinchwad, we have renovated our offices. And Secunderabad, you can see the beautiful pictures of our new offices.

Social meetings, continues to be CSR activities which we always been. So this is a few photographs of Yashodhan Charitable Trust at Wai in Maharashtra and Pragati Girls School at Khandala, Maharashtra where we are helping these schools. Zilla Parishad Primary School again, so this is basically skill development project. KSB has helped to develop RCC structure of two classrooms in both

the schools and both schools management expressed their gratitude and appreciation for KSB Care Charitable Trust for helping on this.

Yeah, that's it. As far as the presentation is completed, and forum is open for question-and-answer. Thank you.

Question-and-Answer Session

Rajeev Jain: Yeah, good morning everyone. And thank you for joining us today. Special thanks to some guests who have come from outside Mumbai. So thanks a lot for joining in today. Yeah, your questions, please.

Unidentified Analyst: Can you please pass on the mic, please. First in case of Nuclear Pumps, can you understand the current status of the execution, which we're expecting from Q1 of '23? Current status for that? Also, the execution that we were expecting for the second ₹500 crores order?

And the execution for the next ₹500 crores order that we were expecting from CY '26, current status of that. And are we on timelines or we are not. And we were expecting inflow of two more orders of ₹500 crores each, which I think the tender was not open by NPCL. So current status of that also, if you can share? And with moderation in commodity prices, have there been a -- so there was an upward revision from ₹400 crores to ₹500 crores because of commodity price increase. Now that the commodity price were moderated, do you expect this ₹500 crores of order value to be revised downwards? Any view on that? So we had an escalation clause, I think, when the prize rose. And so any moderation, if at all there is?

Rajeev Jain: Okay, I try to answer these questions. First of all, the existing order for GHAPV, I think it is going well on track, the -- due to all the past epidemic and all the issues we got a delivery extension up to May, April '24, that was for the first four sets. And this year we planned to dispatch two pump sets, if not one at least, minimum one. But we are hopeful to dispatch two. This first pump set we, the first pump casing, we should dispatch it maybe in June or July. The process is that this casing will go to the site, and this has to be welded because the test bed is being built by NPCIL. So that is a bit behind, but we have to wait and see how that happens.

But irrespective of that, our first casing should go by July. And also the motor should follow in that those month or the next month. So with that, we will complete our first unit, and then depending on the progress in the test bed, then we can take it subsequently. Because the

first pump has to be tested. The first pump is more critical. There is an extensive testing, and that -- once that happens, then the delivery becomes smooth for the remaining things.

So to answer your question in short, yes, we are on time and we hope to invoice one pump minimum, maybe two in this year. And the next two, of course would go in the schedule. So we are on track as per the revised amendment, which we have received.

Unidentified Analyst: Okay. So basically then two pump sets by that you mean ₹100 crores - - sorry ₹250 crores is a possibility this year, but ₹125 crores, we are reasonably sure of executing this year, starting from July?

Rajeev Jain: If two pump sets means around ₹100 crores. There are eight pump sets for a value of ₹50 crores each, and then the remaining accessories site activities and all those things.

Unidentified Analyst: So because of the testing of the facility, which NPCL that, so I think Q1 was the earlier timeline for execution for ₹50 crores. So that has caused this delay?

Rajeev Jain: Yeah, it will go to Q2 or maybe early Q3, but that doesn't delay the whole order inset. Contractually, we are supposed to complete the first four pump sets in April '24. So contractually, we are on -- we had kept ourself a bit of a tight schedule for that.

Unidentified Analyst: And so we've acquired Bharat Pumps the technology.

Rajeev Jain: So one minute. I answer the second part.

Unidentified Analyst: Sorry, sorry, please go ahead.

Rajeev Jain: And the second part is that the new order that is for Kaiga, that is also started -- the execution is started. The execution becomes easier because all the document approval, all the initial I would say, requirements are met with the first prototype pump. And when you make the first prototype documentation, then it's only a question of manufacturing. And hence, the second order is also of eight pump sets is also on track. And we hope to complete it well within the timeline, which has been set, because as I said, the first pump is more critical.

Your third question on the commodity prices, I think this is a fixed price contract with a PVC clause. So accordingly, the first order is received. The second order is received based on the condition, the

date, the enquiry was there, and it was finalized, so with a price variation clause. So that is as the commodity prices moves, it'll be there. So the remaining two projects which were postponed that we hope the tender should come out in this year, and we will bid whenever that comes out. It is expected in the second half of this year. So I think that answers your question on NPCL.

Unidentified Analyst: And in case of Bharat Pumps, the technology right that we have acquired so. Can you elaborate on the strategy, the nature of pumps we are looking to produce the scale and the competitiveness profile, which that can come from these pumps? And when are we expecting starting, executing these kinds of orders for our company?

Rajeev Jain: Yes. To give you on this topic, I think this is a -- as my colleague Mahesh mentioned in his presentation, this is a bit of a good news, which has come our way. Bharat Pumps & Compressors Naini, Allahabad, they closed down and then they put their technology up for sale. And KSB bid for this technology and was successful in the e-auction, which happened.

The company spent ₹28 crores for this bid. And the reason we spent or we went for this bid because it offered a good amount of opportunities. The Bharat Pumps & Compressors had some very good products in various segments. They had licensees from good overseas companies like ClydeUnion, some U.S. companies also reciprocating compressors from new pinon. And quite, there are 10 licenses in this deal. And KSB, we see a good opportunity in the aftermarket business, that is where our company is focusing on as one of our strategic measure. So this vertical is one of our focus, and this BPCL acquisition helps us to get our larger, wider market access.

BPCL has applied many pumps to PSUs for special applications and the installed base, maybe more than 4,000 pumps. And they were the sole kind of manufacturer in some special applications. And so there is a big opportunity for supplying spare parts and replacement pumps in this segment. KSB with its infrastructure, with its technical base, it is very -- I would say comfortable for us to easily adapt and bring in these pump as well as spares to our customers here.

So this is one big advantage, what we see for ourself. Second is some new product like reciprocating pumps, which is again, a niche market. And we are exploring the possibility of doing this ourself. And of course there are other products reciprocating compressors and some

other components for cylinders, which we will evaluate what we have to do.

They also have pumps for a nuclear application, which KSB anyway has it. So KSB, we KSB are not looking at developing those products, because KSB is quite well ahead in those segments. We are only looking at to serve the aftermarket with spare parts. So to answer this question, I think this is a big opportunity for KSB, which will last for many years ahead, where we continue to cater to an aftermarket, and also develop some products which are not there in the KSB mark basket for oil and gas, which I did not mention earlier, is there are some products KSB has been continuously developing products for oil and gas, and they had products already for the complete range in API market, and which KSB will maybe upgrade and we complete the product basket.

So that is how we look at this opportunity. And the present status is that we have already acquired the drawings. These were -- this was a big chunk of drawings. We have to get seven or eight containers full of drawings. We have put it in our Shirwal plant, and now we are, because these are all old drawings in paper form. And so transparencies, we are now putting them together and putting them in an electronic form, scanning it and putting it. So this will take some time. And hopefully, this year we'll do all that work, and maybe next year we will come out with the first sales.

But having said that, I think we are already started selling and marketing those things.

Unidentified Analyst: Also, just to follow-up to that, so compressors we mentioned that we are still evaluating as an opportunity, because we have been a pump company. So to -- whether to venture in compressors or not is still under evaluation or...?

Rajeev Jain: Yeah, I just say it's under evaluation. Okay. Yeah.

Unidentified Analyst: The question is on the standard pumps. So if you could just help us break between the Resi and the Agri part of it. What's the underlying market size of these two? And one, what has been growth of the underlying markets for both Resi and Agri side? And in our previous meetings, you had highlighted that we want to penetrate deeper, and there were a lot of actions on the design and the cost side that you were initiating, so that that will help us increase our market share. So

where are we in terms of the market share movement? So these are the questions on the standard pumps.

Rajeev Jain:

Yeah. In standard pump business, there are two verticals. One is the Agri and domestic, if you treat them as one, but normally they're treated separately. Agri market, domestic. And we have also a big vertical in industrial pumps. So industrial pumps, KSB is very strong there in good terms of market share, also in building market as well as a little bit water market surface pumps.

But on the Agri and domestic, historically we had a good position, but we slipped there and we lost our market. And we have been trying to get back into the market of these, which I've mentioned earlier. Now, this market is a big market in terms of size. We may be having only a 5% market share there. And when I combine this markets, so there is a score for improvement, but what we have seen is, there is always a price pressure, and always it's a price driven market.

And somehow, we will never be the cheapest in the market. And so we are rethinking our strategy on these things, because especially in the view of change in the environment requirements, we are more focusing on efficiency driven pumps. What I mean by that is, as part of the best and the B guidelines, now the Star rating criteria is more stringent. And today KSB enjoys or is in the leading position for the number of four star and five star rated pumps. And this advantage is sometimes not recognized or not visible in the market. It is sometimes there in the government tenders, sometimes not in the private market, not yet. And this is what we want to change our strategy to not go the price way, because there we compromise on the product qualities and cut corners. So we are trying to focus more on the bigger size pumps that is the 6-inch, 8-inch, 10-inch, and make them more efficient with design changes, getting in new technology and developing new hydraulics, so that we have all these pumps qualified in the star rating. And I think that is our focus in the future.

You asked the question, how much did we grow in last year? I think our growth was in the range of around 12% in these things. But of course, I should admit here that it was also held by a price increase on last year. And -- but irrespective of that, we continue to focus on a double-digit growth for this segment, which may not be very aggressive considering our market position. But as I mentioned, this is a very much price driven market. And we want to do something different to ensure that that this is not basically, we want to follow that, but we want to create our separate initiative there.

Unidentified Analyst: Second question is on the industrial side of the business. So how has been the order flow movement that we have seen over the last four quarters? Because when we look at some of the other industrial companies, while the revenue growth is looking good, but sequentially we have seen a slowdown in the order flow quarter-over-quarter over the last three quarters. So how has been, if you just carve the industrial piece, which is the industrial and the process piece?

Rajeev Jain: For us, industrial business has been very, I would say very good sector for us. In fact, if I see the figures last year, if I recollect, we almost did ₹300 crores in this segment alone. And why I see this as a very growth and a prospective sector is because of the products which we are bringing in. Our strategy at KSB is basically, again, and again, I say, is a product driven company. And with our access to German Group, availability of products, technology, we have been continuously bringing in products. We brought in the split case pumps, Gamma, 10 bar split case pump, which has been very successful for us in the first year itself, we have sold around 500 pumps. So that is one product which is helping us in the industrial as well as building segment opening pillar pumps, which we have CPK SO for the ethanol projects, where ethanol processing is happening. We are very successful with all the key contractors.

And in fact, that pumps, we are selling more than 4,000 pumps per annum. So, this industry is helping us, and that's why we see a lot of good development. A new initiative, which I should mention to you, KSB, I always say is a pioneer to bring in new technologies, and you must be reading a lot about Vande Bharat trains. And for these Vande Bharat trains, and all these locomotives, the pumps in earlier times to Siemens, ABB, Bombardier, these kind of locomotive suppliers were supplied by KSB Germany for the cooling system of the traction unit.

And now we have started making the pumps in India. We have got the first prototype orders also from Siemens. And so this is also a big opportunity for us in the future. And this will help us to bring a new business opportunity in these things. So in short, I would say kind of product basket, which KSB Group has. And this helps us to target a lot of segments. And hence I am very bullish about industry segment per se, and this will be one of our strong verticals for future growth.

Unidentified Analyst: Thank you.

Unidentified Analyst: Sir can we share like, what is the revenue breakup of Standard Engineered, SupremeServ valves and other domestic? We used to share that in last presentation?

Rajeev Jain: I think we shared the order intake.

Mahesh Bhav: Order take we shared.

Unidentified Analyst: Order intake is there, but I think revenue is it possible?

Mahesh Bhav: I think we shared order intake is actually sales for last year, so if you can clarify. The data points, we have what you shared as order intake, actually revenue number for the last year [indiscernible] [00:35:11].

Rajeev Jain: See that order intake and sales for Standard Pumps is not much difference.

Mahesh Bhav: If you can look on that slide, I think there is.

Rajeev Jain: Is this what you are mentioning?

Mahesh Bhav: Yeah. The numbers, what we say in order intake last time, what we show is these revenues.

Rajeev Jain: Yeah, but as I mentioned to you, order intake and sales, there is hardly much difference, because we sell these pumps, through our godowns. So order intake and sales is normally saved. To give you a general answer to this, our Standard business is 45%, 48%, this hovers around this Standard business, which we sell to our dealers, through our dealers, and sometimes also OEMs. So this is our Standard business, project business still is in the range of 20% keeps on varying, and same with SupremeServ and valves, these are all in the range of 15% to 20%.

So this is how the distribution is the maximum segment is the Standard business. Projects, depending last year was a good year where we had lot of projects for oil and gas, FGDs. So that becomes good. Valves is almost -- also the same around 18% to 20%. And valves, we somehow I call the year '22 as a year of milestones. Valves also Coimbatore we first time did ₹300 crores from that unit. Standard Pump, Sinnar, we did ₹600 crores. So these are some milestones which we have achieved, but a general distribution, I explained to you, it is something similar.

Unidentified Analyst: And secondly sir, just what would be the order inflow or order book, closing order book for the company, including the NPCL and excluding the NPCL?

Rajeev Jain: Including the NPCL, it would be somewhere in the range of ₹2,500 crores, ₹2,600 crores.

Unidentified Analyst: And in this NPCL would be ₹500 crores?

Rajeev Jain: ₹500 crores. So you minus that ₹500 crores, the order intake without the nuclear would be somewhere in range of ₹2,000 crores to ₹2,100 crores between that.

Unidentified Analyst: Okay. And sir, last basically our vision to become a number one pump company. I mean, what is our ranking today and when we will be?

Rajeev Jain: I normally case be, we have a year financial year closing of January to December. Maybe other companies, some companies -- pump companies have March as the year-end. So I will not be able to convey the ranking per se, it would be a bit early, but with a turnover of ₹1,800 crores, which ended in last year '22 December, I expect maybe we are at number two on the ranking per se. And this is just an estimate. And yes, we have drawn our strategy in the coming years to grow our business and with the strategic initiatives, which are there to bring in new products, go in new segments, you saw our expansion of branch offices, sales offices, all those things are there in place. So if we do it rightly and in the way we intend, then I think we are on the way for our strategy.

Unidentified Analyst: Thank you, sir.

Unidentified Analyst: Hi sir, my first question is relating to SupremeServ. We've been talking about increasing the service revenue to about 20% of the revenue over next few years. So initiatives you are taking to do that, if you can highlight some of those in terms of SupremeServ?

Rajeev Jain: Yes. SupremeServ, we have mentioned that we want to make it at least 20% of the total turnover. Figure wise, it doesn't look great, but when you see our product mix and the business mix where we have so much in Standard business, 45% to 50% in Standard business, so it becomes a challenge. And when you grow in this Standard business that ratio looks a bit challenging.

But having said that, I would say that there are a lot of initiatives which we are continuously taking. One big initiative we took was the plant in Chinchwad. We converted it totally into SupremeServ. We had in initially in our business plan to sell it off after the Shirwal. But we retained it and we converted into SupremeServ. What we do there is, we have now a Central Warehouse, and we stock our Standard pump spares, which today already is it at ₹65 crores, ₹70 crores where we were hardly doing much through the plants, because normally in the plants, the pumps get their priority and the spare parts, with their value don't get that priority enough. So we made a dedicated warehouse, and this is growing.

We are expanding. The pressure to increase the space is always there. So that is one of the big initiative, service station we put up in Baddi, I mentioned that earlier. Subsequent to that, we have been debating on to put on more service stations because sometimes it's more efficient also to have partners who can do that, and we support them with spare parts. So that is a mix of growing the service business and the spare part business.

So, we are continuously digitizing this business. We have introduced a new product called KSB Guard. KSB Guard is something which we install on the pump, and it gives us remotely all the condition of the pump and the wear of the pump, and we can monitor it, and we can monitor the requirements well in time for their spare parts also. So this is something which we have done. We have also the Chinchwad or the PPD, we call it that place. We have ramped up for winding, winding of the boiler circulation pumps. We have a dedicated center there.

Then one big initiative for SupremeServ business is mechanical seal vertical. And you must have seen that in the presentation. Mechanical seal is a component which goes in the pump. And so far KSB was buying this from third-parties, but since last one year, we have started using KSB mechanical seals, our own produced in Germany. And the second is branded, KSB branded. So these are the two routes we have taken. In '22 alone, we sold around 16,000 seals SupremeServ as well as going inside our pump, just to create that installed base. So these seals, mechanical seals now, we started localizing them. We have invested in our plant in Pune. So this year onwards from the second half, we will be having more than 60%, 70% indigenous content.

So going -- moving forward, this will keep on adding the products in mechanical seal and also indigenizing them. So this is, I see as a future big vertical or hope for SupremesServ business, because those are the

most commonly or the most wear out parts used in the pump. And that business is recurring and continues. And last, but not the least, I mentioned about acquiring BPCL things. So with this, I think in the next two, three years, we have a good future for SupremeServ, a business, which is comparatively at a much higher margins compared to a new business. So this is, I think we should see good growth in the next, I would say in '24 -- '24, '25 when we are settled with localization of mechanical seal, as well as implement BPCL technology inside our company.

Unidentified Analyst: Sure. Sir my second question is pertaining to margins. Do you think there is room for margin to go from here? We understand external challenges, but what would you like to see in terms of internal drivers that can drive margins up from here?

Rajeev Jain: Yes. Margins are of course, always top on our agenda. We always have this question of increasing the price or retaining it vis-à-vis the commodity price increase. So it's apart from that, that I think is a reaction, which we do based on the commodity prices. Like for example, you must be seeing that a lot of copper prices are increasing now, and this affects our motors, electric motors, what we make for submersible.

But apart from that, one major internal initiative we are doing is, failure cost reduction. This is the most, I would say easiest, I wouldn't say easiest, but something which is in our control. So, warranty costs, failure costs, manufacturing defects, and we have targeted to over the years, at one-time, couple of years back -- three, four years back, it was 3% of our sales, which is quite high number. And today we have brought it down to below 1%. And that has helped our bottom-line. And we further want to go forward and bringing it further down to almost 5.5%. And if we achieve that with our process improvements, digitization inside our processes, proper supplier, vendor management, all these steps if we take it in the right way, then I think it is easily achievable. So those are one.

Second is on-time deliveries, the LD costs. We have put a lot of focus on that aspects, LD costs were also high portion of our failure costs. But by setting up a contract management department, we have been able to focus there. And I'm very satisfied personally on the amount of success and the progress we have got there. And those are the initiatives which we have taken, which come to my mind. And apart from that, in any wage agreement, which we do with our workers and unions, we always demand productivity increase year-on-year. And

that is one of our requirements, which we will get full support from the union, and hence we are able to improve our productivity as well.

If you see, I've not shown the figures, but if you see all plants across the number of pumps, one is the value revenue. But if you use the number of pumps, which we are making has gone up much higher than the value percentage. In fact, in our plant in Pimpri where we used to make maybe 6,000, 7,000, we are making almost 10,000 to 12,000 pumps. In Sinnar, we will cross 2 lakhs pumps this year. So this is the kind of productivity increase, which we are getting based on combination of all these measures.

Unidentified Analyst: Sir, what are your expectations from CY '24 in terms of the order intake visibility? You did mention about NPCL orders later this year. Apart from that, any industrial softness in any of your industries that you are witnessing? And what should be the CapEx for CY '24?

Rajeev Jain: So you have to make...

Unidentified Analyst: CY '23, sorry.

Rajeev Jain: I would say that the order intake was great last year. A record, which helped us last year and will help us also in this year. Moving into this year, I would say that, the first two months are quite okay, but we see some, some little bit headwinds, but not so much. I'm not so much worried about that, because apart from the external environment, we internally are working on our strategy and to get market share, bring in new products. So I think that momentum will continue and we will have also a good order intake in this year as well. Apart from the nuclear business. Nuclear business sometimes becomes difficult to predict because the time it takes, you never know. Today we expect it to come in the second half, but it is not guaranteed. It is the way the business is that maybe it goes in the next year.

But we don't make our strategy or depend on that, because that is something over the top of our normal business. So what we are focusing is more on our strategic measures, going into new market segments. I explained that Mechanical Seal business, Firefighting business, Locomotive business, the BPCL acquisition. Apart from that, we are also focusing on Navy and Defense business, which is also a growing market, pumps required for surface warship, submarines. This is something which is the need of the hour, and we are exploring that as well, how we can participate in that business. And we -- sorry. Thank you. Thank you, Mahesh for mentioning that.

Solar business, which was also a success last year, we did almost ₹30 crores of our business in solar, purely by supplying to integrators.

But if we start working as an integrator of ourself, then this business will easily double or triple. We had a plan to acquire a company in solar, which did not go through because the company which we identified, we could not be satisfied with what, when we do -- did a due diligence. So irrespective of that, we still are going -- growing in the organic way. And we continue to do that. We have developed our own DC motor now range, and we will intend to complete that product basket. With the development of DC motor now, we only have the controller, which is outsourced, and the panel of course.

So we intend to go in that organic way, develop our role range and parallelly look for acquisition also in case we can get it. But solar is one of our also hope and a good strategic pillar for the years to come. So with all these initiatives, irrespective of the market -- external market, I think KSB's advantage always I've been saying is that we are present in all the segments. We cover a complete range of segments, You will see that as our positive advantage. So even if one segment goes down or there is some issue, there is something else which builds us out and gives us a chance to grow. And that has been one of our biggest trends in the group as well as here in India, that we cater to a big range of market segments.

Unidentified Analyst: And on the CapEx?

Rajeev Jain: CapEx, I think on an average, we have been having in year '22, if you see, we almost did -- almost ₹100 crores CapEx. And that is what Mahesh also showed that our financial liquidity. Since we do all this with our internal accruals, it slightly goes down, but that is what we are intending to also invest in the right areas so that this growth story can continue.

Unidentified Analyst: So the CapEx more or less would remain same?

Rajeev Jain: Yes.

Unidentified Analyst: Okay. And last question on FGD, how much FGD pump contributed in absolute numbers in CY '22?

Rajeev Jain: We dispatched almost 160 pumps, not totally 160, because something went in CY '21 as well. So I would say more than 100. We still have orders on hand of 150 pumps. We used to make at one-time only five,

eight pumps per month, but now we have ramped it up to almost 10 to 12, and we want to go up to 15. When I say this, FGD pumps are not as simple as I make it sound, because these are big pumps, but the process has now standardized. Everything is standardized. The supply chain is standardized. The requirements, the specification, the quality requirements all standardized.

So now it's only making it and delivering them. The government have come out with a new schedule, a delayed schedule, because they saw that it was not possible with the existing supply chain to deliver in such a short time. So they have relaxed the delivery schedule, which also helps us that with our order backlog. Now, we can continue to do that. And we continue to enjoy a very big good market share, if I may say so. And being the only Indian manufacturer who has an local content of 95%, and this is -- gives us a good advantage.

Unidentified Analyst: Sure. Thank you.

Unidentified Analyst: Hi, sir. Yeah, I just wanted to get some clarity on the CapEx like of this ₹100 crores, does that include that Bharat acquisition -- Bharat Pump?

Rajeev Jain: Yes, yes. I think we showed at the chart, it includes normally our CapEx would be around ₹80 crores, but we invested around ₹28 crores in this Bharat Pumps.

Unidentified Analyst: And the remaining ₹80 crores is largely towards what, which is the large CapEx areas?

Rajeev Jain: Mainly in capacity expansion, new machineries, investing in new -- high-end machineries for our energy business and nuclear business. And capacity expansion like, one 8,000 square meter shed, which we did last year in '22. That was the expansion. So we continuously, with our growth, we have to -- in the initial years, we could get more output from our existing facilities, but now we have started investing in expanding the space and the capacity in all plants.

Unidentified Analyst: And so this growth of 11% to 12% standard in value. So in volume terms, how much was the growth? Was it flat?

Rajeev Jain: No, as I said, it would be somewhere in the range of 8% and 12%, the price increase I mentioned. But in the second half of the year when the price, commodity price became stable, we passed on some benefit also

to the market. So I would not say that it is flat. We definitely grew somewhere in the range of maybe 8% around.

Unidentified Analyst: And sir lastly, on this Vande Bharat, since you mentioned, what is actual use of pump in the Vande Bharat train, because it's you -- we leak actually water pumps?

Rajeev Jain: Yes, sir. It is basically for the traction system, these locomotives, they have the traction below the carriage. And this traction system needs to be cooled, and for that cooling system, we supply those specialized pumps.

Unidentified Analyst: Sure. What could be the value of pump, which you'd be putting in Vande Bharat train? Is there any maths, you'd be aware of?

Rajeev Jain: I can't say that that is something which will take away our competitiveness. So I will not be able to disclose that information. Sorry.

Unidentified Analyst: Sir. So first question on the BPCL acquisition. We didn't participate in the first bid. We were fortunate that the first bidder kind of did some malpractice, and then we participated in the second bid. So I'm just trying to understand the motive here. Was it to eliminate competition like Kirloskar from accessing NPCLs drawings and the pumps there. Now that we have acquired, we'd also try to leverage the designs and then get into reciprocating pumps, because those pumps were separated by NOV, Baker Hughes. And Secunderabad pumps has a huge market globally, almost 10 billion or 5 billion, if I'm right. So what was the thought process? And how can we leverage this ₹1,200 crores going forward? That's the first question.

Rajeev Jain: Yeah. To answer that question, the bidding took place first time, and we were not anticipating that the bid would go so high, and that is why the approval, which we took from the Board was for a lower amount. And we thought, we should -- we would be successful with that amount. But we were a bit surprised, when the bidding took place and to the extent it went, right. And since we did not have any Board approval, internal approvals, we had to. We had to go out at an early stage. And now the successive bidder did not do any malpractice as such, but he defaulted on his payment. He defaulted on his payment, which he was supposed to do as per the contract. And that threw up an opportunity that BPCL reauctioned that bid.

And so when the next bid came, we were well prepared with the approvals. We underestimated the kind of -- the value it would go to. And the second time we were well prepared and we understand the whole value. And I said, it is not because of any nuclear, because their KSB already has a knowhow, which is, I would rate it much better than whatever is available being a global company and having a global market presence, a leading presence. But we were looking at aftermarket potential, the aftermarket potential. This knowhow has very much niche areas, niche areas where the technology specific, and there are not many Indian players or hardly any Indian players. So that gives us a chance to participate in the aftermarket business, which the potential is huge with the PSUs. So that is what attracted us specifically for that market.

And some new technologies as reciprocating pumps, mud pumps, and those are areas which gives us a chance to bring in some new products also in the future.

Unidentified Analyst: Even in KSB Germany does not have these products, I guess so?

Rajeev Jain: No KSB Germany also doesn't have.

Unidentified Analyst: So will we have the IP to export to globally or move to the parent?

Rajeev Jain: Yeah, that we'll have to see, based on how we develop it first, because the reciprocating pumps is not our forte. We have to tie up and we have to get that thing. So it's a bit early, but we are considering that, we are evaluating that. And also I mentioned about oil and gas products for the new business. One is the attractiveness in the aftermarket, but in the new business, there are KSB is on the way of developing new products. Not -- we did not do any acquisition. So this BPCL portfolio helps us that these products are available now, we have to upgrade them to the 11th edition, 12th edition API, and that's what we intend to do with the BB1s, BB2s, and all those nomenclature pumps, which is there, we intend to upgrade. And so that makes our journey faster in having the complete range of pumps for the oil and gas market.

Unidentified Analyst: Okay. And what would be the size of these 4,000 pumps in terms of value, roughly?

Rajeev Jain: Yeah, let's say we are targeting a business, aftermarket business, maybe ₹100 crores in the next three years, it's something apart from the new business and other things we are targeting almost that in the --

call it three years, which should and I think that payback will be fast once we develop it. And the future I think this...

Unidentified Analyst: Long-term should be much, much bigger than this?

Rajeev Jain: Long-term this is means I would not like to mention it, but it is going to be a very big benefit to the company.

Unidentified Analyst: Just on BPCL, the employees were given VRS packages, so maybe if you could, recruit them for our own manufacturing, if you need their experience of those products, just a suggestion.

Rajeev Jain: That is an option, which we are also thinking of.

Unidentified Analyst: Okay. Second on solar, would we directly participate in Kusum, or you said that you were looking at [indiscernible] [01:01:04] doesn't go through, why not just acquire for the empowerment for any small company for that matter?

Rajeev Jain: Yes. That is something which we are considering to participate as a joint venture consortium and get that reference. But we are waiting for the even joining as a consortium, it has legal conditions for us as KSB, we want to be associated with companies who have a good track record, because anything which we do, it becomes also obligation on our part.

So we are very careful on that area. And the best, safest way is to do what yourself, it takes time. But we are open to opportunities. We are not going very in a way, which just for the sake of getting a reference, but we are going since ₹30 crores is something which we can do ourself. It helps our plant loading. So we are not much worried. I think the solar business is here to stay, and it will take time. And this business only, quite a small fraction of the Kusum thing has been materialized. So there is time available, and we want to do it the right way. So we are not hurrying up into buying a reference or buying a integrator reference to it, but we are keeping our eyes open and anything which comes our way, which we feel matches with our company culture and things, then we will do that.

Unidentified Analyst: Right. So, you said double, triple the ₹30 crore business, but long-term, it should be much bigger market for us, right?

Rajeev Jain: It should be much bigger. If you look at the leading player, like other pump players, we're almost doing ₹500 crores plus in this business.

So, opportunity is huge to get a increased market share. So as I said, but it's a long-term thing. I think, it is here to stay and it is something not like FGD or something, which will be there for three, four years, and then it'll be after that. Solar, I think will be an area for the future.

Unidentified Analyst: Last question, sir. I was expecting a slide on guidance, because you had guided for ₹2,200 crores by 2024, which means a 10% CAGR from here. So do you reverse it upwards, put the number, any changes to the number -- significant changes to the number?

Rajeev Jain: Yes sir good question. This is what I tell my internal team that in the '24 you may achieve it next year or this year. So, but yes, internally, we have not changed it because see, it is one part is, the target, but other part is also to have an internal organization who can sustain and support these things, it is all about getting the right people, right skillset. And it's not easy nowadays with the Indian market being very hot and a growing market, to get the right talent, skill and to get those people behind this business, it takes time and to train them, to retain them.

So this I think is also a challenge. So I would not make any assumptions now. I would still keep that even though in light of the year 2021, ending December, it may look not a very ambitious one, but I would say, I would still keep that, also because of the reason I said. And apart from that, the capacity enhancement, which we have to do in our plans, the process change. It all takes time. And we need to respect that and give it the right time so that ultimately the quality which KSB never compromises and which is our brand image that I think stays uppermost in our mind.

Unidentified Analyst: Great. Thank you. Thanks a lot.

Unidentified Analyst: So sir, can you quantify the trade of Mechanical Seals business and where do you see three years from now that business?

Rajeev Jain: Quantify the?

Unidentified Analyst: Mechanical seals started last year?

Rajeev Jain: Yes, yes. Correct, correct. As I mentioned, the Mechanical Seals business. Now, there are two channels. One is what we give with our pumps, so and one is what we do in the aftermarket. So total of this, what we sold almost was around in the range of 15,000 -- 14,000, 15,000 last year. I would say 20% of it was in the aftermarket. And

our pumps itself, we are -- I would say 90% of it, we are supplying with our own mechanical seals. So this is a process of sowing seeds, creating that installed base for the future. So once our installed base of our seals is there, then the SupremeServ business automatically increases.

So the growth rates, which we are looking at, this business is in the range of 15% to 20% per annum. And I'm sure, what we are doing today is we are importing the seals from Germany, and we are branding them, also for the different products by KSB by buying it locally. So in the end, in our long-term, we want to ensure that the seals, which we buy from Germany, we can localize it, make become more competitive, and hence get more share. So that's why I say that, we are on that journey to continuously increase it. And definitely we would like to make it a growth of at least 15%, if not more.

Unidentified Analyst: The 20% that you sold in the aftermarket, so what will be the value of that?

Rajeev Jain: Well, I don't recollect now. Maybe a few crores, few crores. It is something which will take some years to come to let's say if I say this business is ₹10 crores, but to bring it to a sizeable number of ₹100 crores plus, maybe it'll take four, five years. I just speak very generally. So today it's only a starting phase, today it's only a starting phase that we are more depending and creating that installed base for us. And the business would be in this much value right now.

Unidentified Analyst: Small confusion regarding this NCPL order. So I think there are two orders of ₹500 crores?

Rajeev Jain: True, true.

Unidentified Analyst: [Indiscernible] [01:07:59].

Rajeev Jain: There are two orders, one is GHAVP, Gorakhpur, Haryana that is the first order of ₹500 crores for eight pump sets. And the second is for another site, Kaiga, which is also about similar amount for eight pump sets. So total, we have got orders of 16 pump sets for two sites.

Unidentified Analyst: So can you quantify market difference between Standard pumps and Engineered pumps, if that is possible?

Rajeev Jain: Difficult to quantify. I would say each has its own strength. And of course, for the Standard business, our fixed cost become very less, like

Sinnar plant. So they have a good, let's say if I benchmark our Shirwal plant and the Sinnar plant, which are the basis for Standard business and Engineered business. If I say to you that we are almost at similar level of margins, why because one has a lower fixed cost and the other has a good aftermarket business. We sell replacement pumps through our Shirwal plant and spare parts. So the margin in the end, in the end for the company is almost similar.

Unidentified Analyst: In terms of exports, could you just help us out at what's the number for this year? And how are you seeing the trend in that particular part of the business?

Rajeev Jain: Yeah. Export was not a great story last year. Two reasons. One is a very strong growth in the Domestic segment. Export did not grow as strongly as our domestic. So compared to the previous year where we had almost 19%, 20%, we had a revenue 15% to our sales.

Unidentified Analyst: Absolute numbers, it was -- sorry?

Rajeev Jain: Absolute numbers. You can calculate 15% of ₹1,800 crores.

Unidentified Analyst: And what do you see the progress on this site? Because there was an expectation that we'd be able to sell Gamma pumps say across the world and so on and so forth. So just wanted to get a sense of what's your own strategy and how are you thinking about this piece?

Rajeev Jain: Yes, our export, the business in view of our enhanced product basket definitely should grow. This is something, both in Engineered pumps as well as the Standard pumps. The hope and the plan is there. Normally we do exports through our KSB entities. We don't do exports directly. So somehow it is a bit of also of internal selling, which we have to do. And you gave the example of Gamma. Yes, Gamma, we sold around 50, 70 pumps not much a little bit below our expectation, but then I think as time goes by, as the range completes, we should be doing more.

We are expecting on solar business, also solar portfolio is another chance where we can grow. So we are striving to put a lot of focus on these business with our API basket getting enhanced with our interaction with our group companies, I think there is a good acceptance of our products and good future. Only because of little bit downturn in the project business in exports, we are a bit down in the past years, we always got one or two good projects in export, big projects. So those are missing and that affects our revenue.

But on the Standard business, I think in slow and steady, I think we are growing our business. The effect on the export has mainly been due to big projects.

Unidentified Analyst: In terms of, seeing India as a potential site for making more pumps or especially given the whole cost competitiveness, which we are seeing in Europe diminish because of energy costs, et cetera. Do you see that as something that KSB is keen for, your parent is keen for? Or is this is going to be more of the same?

Rajeev Jain: Yeah, I think the parent company always does a balancing act. It has to ensure that all the locations are enough utilized and the capacity utilization, and they're loaded enough. But the parent company has been supporting us to a very large extent to ensure that we have all the products for the domestic market. Indian market today is the most attractive market, and the market which is growing. And as I mentioned, the new products which we have bought. So there is a tremendous support from there. And I guess, the same competitive -- with our competitiveness, we definitely are working on and to see how we can get more access in the other territories, but I -- as I said it is, we need to ensure also that other KSB companies from China, Brazil, Europe, all have a good share and it's not hijacked by India.

Unidentified Analyst: Yeah. A couple of questions on exports. Like what was the reason for decline in the exports and how do we see going forward? And probably how are we positioned for servicing as a regional base near our, like we already licensing office in Bangladesh and Bhutan. So is it that Indian entity becomes a sourcing base for the regional requirement? That is one first question on exports. What will be our peak working capital requirement for the nuclear execution? You showed some number, but we missed it. If you can probably help us on that.

Number three, the tender, which you are mentioning for nuclear. Is it for auxiliary pumps, which last time you mentioned some 2,000 crore opportunities there. So is it for that or is it for another set of primary coolant pumps if you can specify?

Rajeev Jain: Okay. The first question was on exports. Yeah. I explained that export business for the year '22 was down because of missing big projects. And moving into this year, I feel the first half will be a bit challenging because, a bit of a slowdown in the global project business, I would say. The standard business would continue. But with our initiatives,

which we are taking, when I say initiatives is a lot of meetings, invitations to our dealers, colleagues from overseas, we are conducting seminars, workshops, plant visits. Our people are traveling to their regions.

I think that we should be able to maintain our export ratio. And I say in the backdrop of domestic business growth. We should be able to be somewhere in the range of 15% to 20% this year also. Once the project business picks up, I expect this to grow in the coming years, when we have already introduced a lot of our products and whatever we are bringing out.

Also in our exports, the group companies also look for components, supply from our foundry. As you may know, that -- in that China plus one, a lot of overseas companies are looking to Indian suppliers. And India is also a case. Being India is also an attractive option for our group in terms of our foundry, which we have own foundry. So we are looking to increase that component business also.

So overall, I say export is as equal in our focus. It's only a matter of time when these figures get a bit affected due to the project business.

Unidentified Analyst: Ideally which, what projects we serve? Is it power related or again, what?

Rajeev Jain: Both power as well as oil and gas. Since KSB here in India, we are exclusively making some pumps in the group. That is the actually split multi-stage BB3, we call it BB5. So these are products made only in India. And so this gives us a good opportunity for export.

Unidentified Analyst: Is it a boiler feed pump?

Rajeev Jain: No, these are multi-stage high pressure pumps. These are used for boiler feed application as well. But in petrochemical or refinery or all, it can be hydrocarbon as well as boiler feed both application. It has to be as per EPF. And also energy, energy we supply to Vietnam super critical in '22 windfarm project. So these projects are few, I would say these are few, much few. And we are looking at global players like Siemens, tying up with them. So there are efforts being done to see India can become an option, wherever there is competitiveness. Recently we got an order from Çalık Enerji in Turkey for boiler feed pumps. So those are new customers, new EPCs, which we are developing. So these efforts will continue. Your second question was on...

- Unidentified Analyst:** Peak working capital for nuclear and...?
- Rajeev Jain:** Yeah, nuclear, I think working capital, maybe Mahesh, you can answer it and also on the cash flow.
- Mahesh Bhav:** So more or less nuclear working capital. Yes, there is announcement, but it is more or less covered by the advances what we received. So at least 2023 and no, we don't see any announcement challenge on working capital.
- Unidentified Analyst:** No. But you are basically in the current year also as per cash flow your working capital rates by increased by ₹120 crores, ₹130 crores?
- Mahesh Bhav:** Yes. That is not, that is excluding nuclear because in the regular business also, since we are growing, so both receivable as well as inventory has grown with the stocking policies and to support the growth in the business. But if you see the ratio to the sales of both receivable inventory, it is maintained actually ratio or even number of days that is maintained.
- Unidentified Analyst:** So we get progress payments for nuclear.
- Rajeev Jain:** Yes.
- Mahesh Bhav:** Yes.
- Unidentified Analyst:** Milestone base?
- Rajeev Jain:** Milestone payment. And the good part is that we are positive in the cash flow and we hope to be positive in cash flow throughout the execution of the project. So that's our intention. And the milestone payments support us for that.
- Unidentified Analyst:** Last question was on the nuclear order. Was it, you were mentioning about ancillary or it's...
- Rajeev Jain:** Now on this nuclear business, the main -- the big business is this primary coolant pumps. But apart from that, in the primary cycle, there are other auxiliary pumps, which where we are also participating. So that is ongoing. That business can be anywhere in the range of ₹50 crores to ₹100 crores for -- per site. So but that is, that business is competitive business that there are other players there. So

if we are competitive, then we get it. And so we are targeting some share out of that business also.

Unidentified Analyst: But tendering has happened or?

Rajeev Jain: Tendering has happened. Now it is under the technical evaluation stage. Once that is completed, then they will finalize and in the second tender it is going to be re-tendered now. There were two tenders. One, is under evaluation. I think KSB is in a good position there and that should get finalized in the next quarter. But on the other tender, it was there, but it has got re-tendered due to some reasons. So we will again, compete there with other pump suppliers.

Unidentified Analyst: And what -- last question. What could be the opportunity, if you probably have say primary coolant ₹500 crores in for eight pumps, what could be the relevant opportunity for auxiliary pumps?

Rajeev Jain: Auxiliary pumps maybe you can take it as 10% to 15% of the total PCPs, 20% maybe around that.

Unidentified Analyst: 20% of the primary.

Rajeev Jain: Primary.

Unidentified Analyst: Okay. Thank you.

Mahesh Bhawe: Last one question sir.

Rajeev Jain: Maybe somebody who has not asked. If you don't mind. Anybody, maybe please go ahead.

Unidentified Analyst: Sir my question was regarding the execution cycle of our order book. When we look at the historical trend, let's say before Q2, it used to be around six, seven months. And you know, we should dissect it that Standard pumps execution cycle is three, four months and Engineered is like around eight, nine months. But that execution cycle has kind of tapered-off in last six months. It has been relatively lower in comparison to the past. So is it that we are constrained by the capacity? Because in Q2 we mentioned that we had a ₹1,300 crores order book, but like execution cycle in next month has been around ₹960 crores. Well, historically it used to be six month execution cycle. So if you can just dissect it and help us understand, are we constrained by capacity or not? And if we are, then what is the peak potential of standard pumps and engineered pumps revenue excluding NPCL?

Rajeev Jain: Yeah, I don't. I wouldn't say that we are constrained by capacity. Normally April to June is a very peak season for Agri business. This is the season where we would say the peak quarter where we can supply our Agri domestic business. Normally the trend has been 55:45 kind of things equally. It all depends on the how and when we get the project business.

But to answer your question in a simple way, yes, if we had more capacity, we could do more sales. That is definitely for sure. But that, we would like to go it in a very consistent way. This has to be more consistent and not one half or one quarter. So considering that, I don't think we have disappointed any customers of non-supplying or things like that. We may have little bit slipped on on-time delivery, but I don't think it's has been a major issue with any customers.

The priorities have been given and we have scheduled that. And to the point which you raised about the second half, I think maybe it can be always a product mix of more engineered pumps with high content there. And also we have had some supply chain issues, like for example, FGDs business, we import something, then there are many approvals. But all in all, I wouldn't say that it has affected our business to grow 22% is a good achievement. And to expect much more would be a bit too much out of our existing capacity.

Unidentified Analyst: So, because where I'm coming from is that now that ₹900 crores became ₹1,300 crores, now that ₹1,300 crores is almost ₹2,000 crores now, which is I think.

Rajeev Jain: ₹1,800 crores.

Unidentified Analyst: ₹1,800 crores. You mentioned ₹2,500 and excluding...

Rajeev Jain: Actually you're talking order intake?

Unidentified Analyst: Order book.

Rajeev Jain: Order book, okay. Yes. Yes.

Unidentified Analyst: Order book. So now with that, I think our fixed assets have not really increased in that.

Rajeev Jain: You'll see that, as I mentioned, all those ₹100 crores investments. We are buying machineries, more automated machines. We invested in

space in Sinnar, a new shed. And in the coming months also, you will see new investments. So we are adding capacity. If you are adding capacity, you'll see all our locations almost all filled up, full utilization. So step-by-step we are increasing the capacity at this location.

Unidentified Analyst: So how do you see the execution cycle of our current order book with current capacity in place?

Rajeev Jain: Yeah, with current capacity. I think, we should see a good growth year-on-year with this present thing.

Unidentified Analyst: Okay. Thanks a lot.

Rajeev Jain: Okay. We want to conclude. So thank you. Thank you for your very interesting questions. Your questions also help us to also introspect and give us an insight, but we hope that we have answered all the questions as clearly and as honestly as we think ourself. Hope you are satisfied with that. And once again, thank you. Thank you for coming here and joining us for this session today. Thank you.

Mahesh Bhawe: Thank you.