



Management Discussion and Analysis



ECONOMIC REVIEW

Global Economy

In 2023, amidst an uncertain environment, the global economy showed strong resilience led by robust growth in advanced economies. It grew steadily by 3.1% driven by positive supply trends despite the central banks raising their interest rates to stabilise the prices. Inflation declined from the peak of 2022 despite disruptions from the pandemic, the Russia-Ukraine war and the war in the Middle East. It is further expected to reduce from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025.

Amidst the challenging global environment, the emerging markets and developing economies (EMDEs) explored new growth opportunities. EMDEs are expected to maintain steady growth of 4.3% in FY 2022-23 and 4.2% in FY 2024-25. Rising interest rates and new price spikes due to geopolitical conflicts like the Russia-Ukraine war, the Red Sea crisis and the Israel-Palestine conflict, pose risks to the global growth. Multilateral cooperation will help mitigate the costs and risks of geoeconomic fragmentation and climate change expediting the transition to green energy.

(Source: World Economic Outlook-IMF, April 2024)

Indian Economy

The World Bank predicted that India would remain the fastest-growing major economy globally though this growth rate is expected to slow down. According to the 'Global Economic Prospects' report, this moderation is mainly due to a slowdown in investment from a high base. However, investment growth is still expected to be stronger than previously envisaged and will remain robust over the

forecast period, with strong public investment accompanied by private investment. The GDP growth forecast for India is estimated at 6.6% for FY 2024-25.

(Source: NSO, World Bank, PIB)

INDUSTRY OVERVIEW & DEVELOPMENTS

Global Pump Market

The global pump consumption increased by 2.1% to USD 59.3 Billion in 2023. Centrifugal pumps accounted for 50.5%, reciprocating pumps 12.8%, rotary pumps 15.7% and other pumps 21% of the total market. The growth was muted despite the cooling down of inflationary pressure in the pump market. Robust growth in industrialisation in emerging economies like China, Brazil and India is leading to growing demand for pumps for multiple purposes like water supply, wastewater treatment, manufacturing processes and agriculture. Growing urbanisation also led to increased demand for pumps used in water supply, waste water and sewage treatment, heating, ventilation, air conditioning (HVAC) and firefighting applications.

In 2024, global pump consumption is expected to continue its tepid growth journey at 2.5% with mixed performance expected for the key pump-consuming sectors. Lower global inflation is expected to aid growth in the manufacturing sector. Lower energy prices will aid growth in the chemical sector. Similarly, the power sector will benefit both from lower input costs and a pickup in the manufacturing activity. The Middle East is expected to emerge as the highest-performing region with 6.2% growth driven by strong pump consumption by the Oil and Gas sector. Growth in Asia and Europe is expected

to be in line with the global growth. Innovations in pump technology with increased emphasis on energy efficiency and environmental sustainability are the newest trends emerging in the pump market.

(Source: Oxford Economics - Spring 2024 report)

Indian Pump Market

In 2023, the Indian pump market was ranked the sixth-largest globally, constituting 3% of the global pump consumption, behind China, the US, Canada, Germany and Russia, making it the second-largest market in the APAC region. The pump consumption grew by 5.8% to USD 1,803 Million. The growth in the pump market is directly related to the economic growth. With the Indian economy being the fastest-growing economy in the World in 2023, the pump sector saw robust growth. Rapid urbanisation, pick-up in the industrial activity and increased government spending on agriculture and infrastructure sectors bode well for the pump demand.

The government has been introducing several schemes, reforms and programmes to increase the income of farmers and overall agricultural activities. Increasing investments in agricultural infrastructure, the biggest end-use market for pumps is aiding the growth of pump demand. The rising number of sewage treatment plants, along with the growing adoption of water pumps to transport sludge, stormwater and mechanically treated wastewater is driving the growth of the pumps market. Growing reliance on groundwater for agriculture, focus on increasing desalination plants on account of acute water shortage and increased construction activity is catalysing the demand for water pumps in India.

As the growth in the Indian economy is expected to slow down in 2024, the demand for pumps is also expected to decrease. However, this slowdown is only temporary as the pump consumption is expected to recover to 5.3% in 2025 and will settle above 7% over the medium term, aided by a steady pick-up in investment spending and weighted end-use output. Factors like rapid industrialisation, the rising requirement of safe drinking water and consumption in construction are anticipated to fuel the market growth.

(Source: Oxford Economics – Spring 2024)

COMPANY OVERVIEW

Serving the world for over 136 years, Kirloskar Brothers Limited (KBL/the Company) is the mother company of the Kirloskar Group. With a strong focus on engineering, KBL has emerged as a strong and respected Indian multinational corporation, well-known for manufacturing various pumps, valves, hydro-turbines and systems for various applications.

Our Company caters to the pumping needs of various sectors spanning from large infrastructure projects such as water supply, power generation, irrigation, oil & gas, building and construction, industry and marine & defence to small pumps for domestic and agricultural use. The Company is committed to empowering people, widening its footprint, augmenting infrastructural capabilities and exploring novel prospects for business growth through total fluidity management.



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KBL is efficiently catering to both local and global clients by manufacturing 75+ types of pumps of up to 30 MW with a flow capacity of up to 120,000 m³/hr (33,333.34 litres per second) and heads of up to 3,200 m. KBL also manufactures 30+ types of valves with diameters ranging from 25 mm to 5 m, low-tension induction motors and a wide range of and mini hydel turbines (up to 10 MW). The Company has a robust distribution network with 16,000 channel partners in India and over 250 partners abroad. Its best-in-class network of authorised centres and refurbishment centres are strategically spread pan India.

Our Total Quality Management (TQM) enabled manufacturing facilities are certified for Integrated Management System comprising ISO 9001:2015 (QMS), ISO 14001:2015 (EMS), ISO 45001:2018 (OH&S) and ISO 50001:2018 (EnMS) Management System Standards.

MANUFACTURING UNITS

Kirloskarvadi plant

Kirloskarvadi plant surpassed all its previous records, marking another successful year for the plant. Our Total Productive Maintenance (TPM) is expected to achieve its intended success. The formation of cross-functional teams dedicated to enhancing equipment performance, employed a systematic approach to identify and eliminate losses that hinder equipment effectiveness.

The plant received the following certifications for its sustainable practices –



- GreenCo Silver certification from the Confederation of Indian Industry (CII)
- GreenPro Ecolabel certification for end-suction pump - DBxe, Lowest Life-cycle Cost (LLC™) Series - horizontal split-case pump, cast iron and alloy cast iron foundry castings

Dewas Plant

In line with the commitment to innovation and customer satisfaction, 62 new variants were launched across various pump series. The plant achieved a milestone by despatching the highest quantity of pumps in FY 2023-24. A remarkable 22% growth in spare parts despatches was achieved,



indicating the increasing demand for products and services. During the year, a High-Pressure Molding Line (HPML) was commissioned thus bolstering the manufacturing capabilities and efficiency.



- GreenCo Gold certification from the Confederation of Indian Industry (CII)

Kaniyur Plant

The plant successfully launched 10 new models, further diversifying its product range to meet the evolving customer needs. The TPM implementation to enhance product quality and operational efficiency is progressing as per schedule.

The Kaniyur plant received prestigious awards and certification in various categories –



- Gold and Silver awards from the NCQC Nagpur chapter
- Gold award for a quality case study and two Silver awards for the best productivity improvement projects by the Coimbatore Productivity Council
- Silver award in the National Awards for Manufacturing Competitiveness (NAMC) audit conducted by the International Research Institute for Manufacturing (IRIM)
- GreenCo Bronze certification from the Confederation of Indian Industry (CII)

Sanand Plant

The plant received the following prestigious awards and certification –



- Silver medal for the assessment year 2023 in the NAMC audit
- Par Excellence Award for the 5S Kaizen Case Study Presentation in the 9th National Conclave on 5S organised by the Quality Circle Forum of India (QCFI)
- Winner in Excellence in Engineering & Design, Innovation, Operation and Sustainability categories, and Runners up in the Human Resources category at the Manufacturing Today Conference & Awards 2023
- GreenCo Bronze certification from the Confederation of Indian Industry (CII)

OPERATIONAL OVERVIEW

Water Resource Management

In FY 2023-24, the Water Resource Management sector received significant orders from large contractors in Uttar Pradesh, Rajasthan, Bihar, North-East India and Uttarakhand. The Company sold more than 100 units of value-added products including Lowest Life-Cycle Cost (LLC™) series pumps, Autoprime pumps and IoT-based remote monitoring and predictive maintenance systems (KirloSmart™). The Company has bagged a prestigious order from Bihar Urban Infrastructure Development Corporation Ltd (BUIDCO), Bihar for stormwater application. The solar pump business is experiencing growth in the institutional segment and the open market.

Irrigation

In FY 2023-24, the Company sold more than 100 units of large horizontal split-case and small, medium and large vertical turbine (VT) pumps, specially designed to pump water from deep reservoirs. The Company successfully executed major irrigation projects in Uttar Pradesh, Haryana, Madhya Pradesh, Gujarat and Odisha, which involved the despatch of large and medium VT pumps.

Power

In FY 2023-24, the Company achieved significant milestones and secured notable orders, further solidifying its position in the industry. One such achievement was the commissioning of cooling water pumps for a nuclear power plant in Rajasthan. Additionally, a substantial order for concrete volute pumps for cooling water applications was acquired for the 2x800 MW Mahan Project and another significant order for a slurry recirculation pump was bagged for the Dadri Project.

Valves

In FY 2023-24, the Valves sector experienced significant growth. The Jal Jeevan Mission project provided favourable opportunities and business prospects. Substantial investments in steel and power projects led to an increase in the order inflow this year. The successful completion of project orders for large-size valves reaffirms KBL's ability to handle heavy valves effectively and efficiently. Moreover, the expansion of the dealer network provided strong support to the standard valves business. The government's continued funding of water and sanitation projects is expected to create excellent opportunities in the future.

Building and Construction

In FY 2023-24, this sector achieved a 21% growth in order bookings compared to the previous year. The company supplied and commissioned pumps for various prestigious projects, including the Shri Ram Janmabhoomi Mandir in Ayodhya, Atal Setu Mumbai Trans Harbour Link, AIIMS in Hyderabad, the IRCON Tunnel in Jammu, the Indian Institute of Science in Bangalore, Yashobhoomi (India International Convention and Expo Centre) and Bharat Mandapam (Pragati Maidan) in New Delhi, the Surat Diamond Bourse, the Kolkata Metro (underwater rail route), Agra Metro and the Mumbai Metro.

Additionally, KBL participated in several events, including the ASHRAE round table meeting in Goa, the India Decarbonization Conference in Delhi, ACREX INDIA exhibition in Noida, the PLUMBEX INDIA exhibition in Bangalore, the Uttar Pradesh Fire Safety & Security Expo in Lucknow, the Fire and Safety Expo in Kathmandu, the Developing Economies Conference in Mumbai and the International Fire Safety and Security Expo 2024 in Dhaka.

Industry

In FY 2023-24, the Industry sector sales were driven mainly by the Process and Pharma sectors. Pharma sector's new clients boosted the business significantly. Replacement business improved by 15%, with increased bookings for value-added products like hydro-pneumatic (HYPN) pressure-boosting systems. The Chemical segment's capex saw a slowdown, due to some domestic and global factors. The Authorised Pumpset Original Equipment Manufacturer (APOEM) concept was established, thereby enhancing footprint and meeting urgent client needs. Focus on energy-efficient pumps boosted revenues. There was an increased emphasis on growing wallet share from key customers in the process sectors. New products like DBXe in stainless steel construction have been approved for process applications by the major industry consultants.

Oil and Gas

KBL's Oil & Gas Division excelled in the last fiscal year, with a 90% increase in sales and a substantial rise in new orders. Renowned for its top-notch products and services, KBL is expanding globally. Promising new market segments have been identified for business growth. The Company plans to leverage this opportunity by ramping up international

sales of pumps. Upcoming domestic projects and initiatives by the country's leading PSUs, present additional expansion opportunities.

Marine and Defence

KBL remained focused on providing an indigenised solution for pumps and firefighting systems under the "Make in India" initiative to various Defence establishments.

Small Pump Business (SPB)

In FY 2023-24, SPB implemented the learnings accrued in the previous year and witnessed the consolidation of the initiatives taken up in FY 2022-23 thereby resulting in its overall growth. Its focus on promoting energy-efficient products gathered momentum through the launch of new products for the domestic segment, aiming to benefit the consumer. The energy-efficient products launched in the past two years continued to grow in FY 2023-24, demonstrating the fulfilment of a latent demand which was already present. SPB also launched products to address the demand from the 'Bottom of the Pyramid' segment of the market, ensuring that consumers get competitively priced yet reliable products that last a lifetime. The digitalisation of various critical processes improved the efficiency of the business operations.

Customer Service and Spares (CSS)

The Small and Medium Pump Division (SMPD) has achieved a remarkable growth, with an 18% increase in order intake compared to the previous fiscal year. Service revenue in SMPD soared by 46%, marking its highest-ever sales for spares. Notably, the division has successfully replaced numerous competitor pumps in various industries, surpassing customer expectations through energy audits and proactive





PRODUCTS LAUNCHED IN FY 2023-24

JALHASTI-1



JALTARA-1



MINI
SERIES
PUMPS



ANISA-1



ANNIKA-1



DBxe (SS)



KW-SC



KW-LC

Aqua Torrent
- 10FCLLifter - Shallow
Well Pump

services. KBL's vast service network, including a number of authorised service and spare dealers and service centres nationwide, ensures comprehensive service coverage for all pump sets. Significant projects include the commissioning of HVAC Pumps at Bharat Mandapam and Agra Metro Station and Autoprime pump sets at leading Indian PSUs.

Engineered Service Division (ESD) – The Large Pump Division (LPD) witnessed a 13% growth in bookings and a 12% increase in sales with LPD Spares achieving its highest-ever sales. Efforts to reclaim customers from non-original spare providers have been successful, enhancing the customer base. The ESD team has been recognised for efficiently resolving complaints and completing performance guarantee tests, leading to the projects' success at various significant sites. Energy audits and performance tests conducted for major clients have opened new business avenues, demonstrating the divisions' commitment to excellence and customer satisfaction.

RISK MANAGEMENT

The Company's robust risk management framework is in compliance with the requirements under Regulation 21 of the SEBI Listing Regulations, 2015. The risk management policy enables the Company to monitor and mitigate the various risks including internal and external risks. The Company's Board of Directors have constituted a risk management committee tasked with the responsibility to continually monitor various strategic, operational and financial risks. The Committee meets at regular intervals to identify the top risks and prioritises those risks. It then formulates adequate mitigation plans to address any foreseeable risks. The Committee keeps a close watch on changes in the internal and external environment to check the emergence of any new threats.

Read more about our Risk Management on page 24 of this report.

HUMAN RESOURCES

The human capital has always been the driving force behind KBL's success. A strategic transformation was undertaken by the HR department, aligning its efforts with the company's long-term business objectives. This revamped approach prioritised attracting and retaining top talent through enhanced recruitment and retention strategies. Additionally, a positive company culture were fostered through strong ethical and cultural leadership. Furthermore, HR policies were developed to support the organisation's sustainable growth and contribute to achieving long-term strategic goals.

The HR strategy focused on maximising employee potential and aligning individual contributions with the company's overarching purpose, vision, mission and values. The Company understands that engaged employees, who feel valued and connected, are more likely to support its success.

With the industry experiencing a significant talent shift, KBL took proactive measures to address the challenges of employee retention. A robust talent acquisition strategy was implemented by leveraging clear business projections. Skill development remained a central focus for the organisation. Targeted learning modules were developed to address key knowledge gaps across departments and enhance specific skill sets. This proactive approach not only supported talent retention efforts but also aligned with the company's commitment to continuous improvement.

The Company was committed to helping employees reach their full potential by prioritising essential soft skills training. By fostering innovative thinking, creative problem-solving, critical thinking and execution skills, we enable our team to tackle challenges and deliver impactful results.

To foster a holistic approach to employee well-being, the company launched its engaging "KirloSphere" initiative. This initiative includes the KirloFit club, which promotes physical fitness through a variety of activities. Additionally, the KirloMind club offers a platform for creative expression and exploration, nurturing a well-rounded and engaged workforce. Under KirloConnect we have initiated various communication channels. These programmes transcend traditional employee benefits, cultivating a culture of well-being that extends beyond the workplace.

Peaceful and productive working relationships were successfully maintained by KBL across all manufacturing plants throughout the year. The company's commitment to employee engagement through strategic HR initiatives was identified as key to fostering a motivated and skilled workforce. This focus on employee development and well-being positioned the organisation for continued success and a competitive edge in the evolving market.

INFORMATION TECHNOLOGY

The company has made significant progress in its digitalisation efforts, implementing various new systems and technologies. This includes the adoption of Low Code - No Code software development platforms for faster system development and the utilisation of Gen AI for automation across different functions such as IoT practices and supply chain digitalisation.

Two new applications were implemented, one for Supplier Relationship Management and the other for Procurement Cycle Management. Continuous efforts were made to fortify IT infrastructure and cybersecurity measures, including the procurement of AI-enabled cybersecurity tools for real-time threat prevention and monitoring. The Company remains dedicated to advancing its digitalisation journey throughout FY 2024-25 with unwavering zeal and commitment.



FINANCIAL REVIEW

- The consolidated revenue from operations increased by 7% to ₹ 40,012 Million in FY 2023-24 from ₹ 37,302 Million in FY 2022-23, driven by robust growth in end-use segments
- Gross profit rose by 15% to ₹ 20,768 Million in FY 2023-24 from ₹ 18,028 Million in FY 2022-23
- EBITDA surged by 36% to ₹ 5,783 Million in FY 2023-24 from ₹ 4,263 Million in FY 2022-23, with the EBITDA margin expanding by 302 bps to 14.5%
- Profit after tax increased by 48% to ₹ 3,497 Million in FY 2023-24 from ₹ 2,358 Million in FY 2022-23, accompanied by a PAT margin expansion of 242 bps to 8.7% in FY 2023-24

Key Financial Ratios (Reasons where variation is more than 25%)	Year ended March 31, 2024	Year ended March 31, 2023	Absolute Variance (%)
Current Ratio	1.65	1.54	7.56%
Debt-Equity Ratio	0.03	0.09	70.65%
(Reduction in borrowings along with increase in net worth due to higher profits)			
Debt Service Coverage Ratio	7.13	2.89	146.97%
(Reduction in borrowings along with higher profits)			
Interest Coverage Ratio	138.29	23.18	496.59%
(Reduction in borrowings along with increase in operating profits)			
Return on Net Worth (%)	18.06	14.00	28.94%
(Higher profits due to better operational performance)			
Inventory Turnover (Number of Times)	3.18	3.43	7.46%
Debtors Turnover (Number of Times)	6.21	6.16	0.85%
Operating Profit Margin (%)	12.60	9.81	28.4%
(Higher profits due to better operational performance)			
Net Profit Margin (%)	8.97	6.55	36.95%
(Higher profits due to better operational performance)			

RESEARCH AND DEVELOPMENT

The Company's R&D division undertook several product development initiatives to maintain its technological and competitive edge in the fluid management business.

A pump testing facility equipped with modern test beds and SCADA systems, for exhaustive pump testing and new product development, was operationalised at Kirloskarvadi. Several new products were launched, including DBxe pumps in stainless steel material for various industries, KW-SC pumps in vertical inline construction for HVAC and water markets and special canned motor pumps for naval applications. High-energy vertical turbine pumps, including a notable 7.5 MW pump for irrigation, were developed. Additionally, models for firefighting applications were developed and their FM approval and UL listing were secured. The largest metallic volute pump with a 16 MW motor rating was successfully commissioned during this period. In the Valves division, various large-size butterfly valves and turbine inlet valves were developed. Successful prototype development of the next-generation IoT device KirloSmart™ 2.0 was undertaken to enhance its features.

To meet the industry demands for energy-efficient products, KBL introduced a series of self-priming monoblock pumps

with IE4 and IE5 motors with super-premium efficiency in 12 variants. Addressing customer concerns regarding sandy bores, the Company developed 150 mm borewell submersible pumps with advanced sand fighter arrangements and energy-efficient oil-filled motors. For agricultural requirements, an energy-efficient series of 150 mm borewell submersible pump - KS6 in 60 variants, was launched. Additionally, KBL developed an indigenous submersible pump model, the CW series (up to 7.5 kW), for import substitution and introduced the shallow well jet-lifter series with enhanced suction heads to lead the domestic market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Given the diverse business operations and the wide range of products, it was imperative for the Company to set up and continually review an effective and efficient internal control mechanism. The Company thus established a detailed 'Code of Conduct' as a guide to deal with all its stakeholders. The Company also has in place a whistle-blower policy. Internal controls have been further fine-tuned through proper budgetary controls, clearly defined roles and responsibilities, a schedule of authorities, documented policies and guidelines to enable appropriate decisions, along with an effective

review mechanism. There are in-built checks and balances to ensure that the functioning of the business is not unduly affected by controls and that appropriate business ethics are upheld. The internal control mechanism commensurates with the size and complexity of the business and is aligned with evolving business needs.

The Internal Financial Controls (IFC) established by the Company covers all the significant business processes and operations in complete compliance with the Companies Act, 2013. Various internal controls, established at the entity level and process levels, are designed to ensure regulatory compliance and appropriate recording and reporting of financial and operational information. Processes and controls laid down as per IFC are regularly updated to keep pace with the changing business environment.

Internal controls are regularly reviewed by the internal audit department. All significant and material observations are periodically reported to the Audit Committee of the Board, and necessary action is undertaken. The senior management and the Audit Committee of the Board are periodically apprised of the Company's internal processes with respect to internal controls, statutory compliances and adherence.

QUALITY ASSURANCE

The department has enhanced its quality approach with the "First Time Right" initiative, focusing on prevention, customer-centricity, robust processes and strengthened supplier partnerships. This strategy is supported by digitalisation, innovation and ongoing training. Through sustainable root cause analysis and identifying key leaders for critical projects, the department saw performance improvements, guided by both lead and lag indicators and TPM tools like QM Matrix and QC Story. Proactive process risk management using AIAG core tools, alongside regular audits and training for suppliers, helped minimise the rejection rates. Front-end service engineers were equipped with quality tools for more effective problem-solving, reinforcing a culture of quality through continuous internal and external training and workshops.

SUSTAINABILITY

As the Company continued its journey towards sustainability, a commitment was made to follow and promote environment-friendly practices in its products, processes, value chain and business decisions. Progress was made towards reducing adverse environmental impact through the conservation of natural resources, circularity, water management and energy management. This was achieved by developing products with a low ecological footprint, promoting energy-efficient products, managing emissions, enhancing the use of renewable energy, conserving biodiversity and engaging with the stakeholders and the communities for responsible sustainability practices.

Excellence in overall sustainable performance was strived for through the integration of economic, environmental and



The company has recognised the growing importance of value marketing, notably with the launch of energy-efficient and cost-effective products in retail pumps.

social dimensions. Along with the Environmental (E) pillar, equal emphasis was placed on the other two key pillars of sustainability, namely Social (S) and Governance (G). Accordingly, robust policies were established to implement all aspects of ESG across the organisation as well as in the value chain, setting a strong roadmap to move towards a sustainable future.

GLOBAL MARKETING

KBL has been leveraging new digital technologies to boost marketing efficiency and customer engagement. With a belief in the untapped potential of digital channels for expanding reach and generating opportunities, the company has intensified its social media presence and customer communication. By integrating websites, social media, email and digital campaigns, KBL has enhanced its understanding of the customer journey, thereby improving marketing ROI.

The company has recognised the growing importance of value marketing, notably with the launch of energy-efficient and cost-effective products in retail pumps. The mix of digital and traditional marketing strategies has quickly popularised these offerings. The focus on KirloSmart™ – an IoT-based remote monitoring system and other energy-efficient products, has not only raised awareness but also driven business growth.

The company participated in over 50 events and trade fairs in India and abroad. Our live demo-stand activation significantly enhanced customer engagement, showcasing our products' superior performance compared to the competition.

INTERNATIONAL BUSINESS

The KBI BV Group has continued to build on its strong performance from 2022, achieving record-breaking results in 2023. The international businesses have demonstrated resilience and strategic focus, driving exceptional growth despite global challenges.

SPP Pumps continued its stellar performance in 2023, with a strategic focus on the Engineering Services Division (ESD). The Industrial Fire and Water Division also performed strongly, surpassing the 2022 results.

The South African entities, including SPP Pumps and Braybar, continued their strong performance from 2022, achieving sales of ZAR 100 Million and reaching a significant milestone.



The operations in the USA significantly contributed to the Group's overall performance, achieving a profit before tax (PBT) of USD 6.6 Million. This represents a remarkable 128% growth. The primary driver of this success was the introduction of new products that have gained considerable traction, particularly in the data centre and warehousing sectors. Additionally, the company enhanced its market presence domestically, which has proven to be more profitable compared to the export market. Furthermore, there has been a notable rise in the demand for engineered systems, both in terms of volume and value, thereby boosting revenues and profit margins.

The Thailand business faced challenges in 2023 due to slow economic recovery, depreciation of the Thai Baht against major currencies, delays in government spending and project execution issues caused by contractor liquidity problems. Despite these setbacks, the Group maintains a strong backlog to support the 2024 plan and is hopeful for a turnaround.

The Group achieved a remarkable PBT of GBP 9.8 Million in FY 2023. This success is attributed to increased sales and the continued application of stringent fiscal policies aimed at improving cash flow and reducing borrowing burdens at the Group level and across all subsidiaries. Focused efforts in receivables collection and tighter control over fixed

overheads have delivered sustained improvement in the Group's cash position.

KBI BV has undertaken significant investments to enhance its infrastructure and cultivate its talent pool. Key initiatives during this period include the implementation of the advanced SPP USA test rig project, the deployment of cutting-edge pump test software and the acquisition of the state-of-the-art multi-functional machine tools at SPP UK. These strategic investments underscore the Group's commitment to operational excellence and continuous improvement.

Despite geopolitical challenges such as the Russia-Ukraine War, the Israel-Gaza conflict and the Red Sea conflict, which have significantly impacted the supply chain, international businesses have delivered a remarkable performance. The Group remains committed to navigating these challenges and leveraging strategic opportunities for continued growth.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's projections and estimates are forward-looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed and incidental factors.

ETL (OH5) API 610 pump supplied by Rodelta to a leading oil and gas company in the Netherlands

